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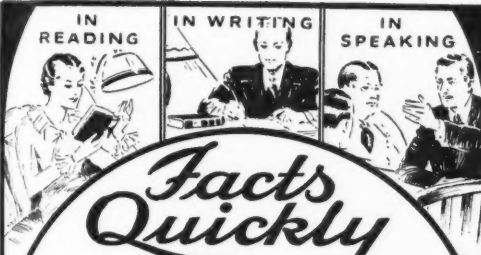
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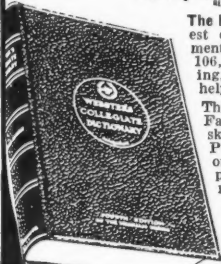


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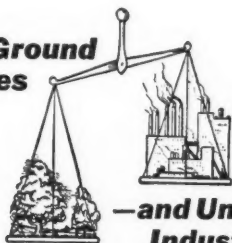


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THE WORLD IN BOOKS...

By John Chamberlain

MOST of the books of the past month are calculated to put one in an elegiac, backward-glancing mood that is the sentimentalist's reaction to a "current history" which is proving altogether too strenuous. Thus we have Willa Cather, one of America's finest living novelists, writing a story, in *Lucy Gayheart* (Knopf, \$2), that reads as if it were a *tour de force* imitation of the more genteel sort of thing that was written in the Eighteen Eighties. We have Stark Young, who likes the raw meat of passion and splendor in the plays he reviews for *The New Republic*, reaffirming the more genteel values of the ante-bellum Deep South in a collection of short stories and sketches, *Feliciania* (Scribners, \$2.50). We have Henry Dwight Sedgwick of Stockbridge and Boston and the Old World regions of Europe longing for the great days of feudal privilege and leisure in a series of essays called *In Praise of Gentlemen* (Little, Brown, \$2). We have Ralph D. Blumenfeld, an American journalist who was formerly editor of Lord Beaverbrook's *London Daily Express*, dipping into his memories of Lord Fisher, Cecil Rhodes, Arthur Balfour and others in *R. D. B.'s Procession* (Macmillan, \$2.50). We have Clarence Day's vignettes of his remarkable *Life With Father* (Knopf, \$2). And, finally, there is *King Lehr and the Gilded Age*, by Elizabeth Drexel Lehr (Lippincott, \$3).

* * *

Of all these books Clarence Day's is the only one that does not evoke an almost sickening melancholy. This is because Mr. Day obviously enjoys the here-and-now; he knows that flesh has always been heir to aches and pains, that the nations have always been under sentence of war, that classes have always collided, and that all systems have their ups, their climacterics and their downs. In other words, Mr. Day is a philosopher, not a sentimentalist, and his *Life With Father* comes out of the past (Day senior flourished in the Eighties and Nineties, and was going into a decline—albeit a vigorous one—by the time Woodrow Wilson was President) with all the force and freshness of a breeze from the northwest in Summer.

If one is interested in the tone and temper of family life among well-to-do New Yorkers of the Eighties and Nineties, *Life With Father* is worth a hundred ordinary books of reminiscence. Clarence Day Senior worked in

Wall Street; he was a director of a number of small railroads; he belonged to a club; he believed that a father's word should be law, and that women who studied current events were wasting their time; he considered that God had made the several classes and that the workingman should keep his place, and he looked upon Woodrow Wilson as the Antichrist. In short, he was the dominant Victorian male, Knickerbocker New York variety. If he had lived on into the present, Peter Arno might have been tempted to caricature him, but the caricature, in this case, would be a caricature.

In his own time Clarence Day Senior was anything but a caricature; he obeyed the laws of the tribe, but he had a fundamental sweetness and humanity that made his ukases and his thunders palatable. His wife humored him and lived her own life; his children obeyed him, but they did not let him sap their own personalities. The Days were not of "the 400"; possibly Clarence Day Senior secretly despised "society." One trembles to think of what Clarence Day Junior would have done if he had had the opportunity to observe Newport close up.

In his sketches of his father Clarence Day Junior reveals himself as that rare thing, a true humorist. He looks upon his father as Shakespeare looked upon Falstaff, with affection tempering the secret knowledge that the old boy had many beliefs and characteristics that ought to be satirized or ridiculed. Quite subtly *Life With Father* explains a hundred things about the rift that lies between the modern generation and that of our grandparents. Mr. Day, being an artist, never underscores a moral. But morals in *Life With Father* are as plentiful as blackberries.

* * *

Willa Cather's novel is about the love of a small town girl from Nebraska in the Nineties for a middle-aged concert singer whom she meets in Chicago. The subject is a timeless one, but it is doubtful if even the Nineties and the American Middle West could have conspired to produce such a bloodless romance. *Lucy Gayheart* has the quality of a ballad of the "nicer" type; as Clifton Fadiman has said, one finishes reading it with a sigh of "poor Lucy." But this tribute of momentary pity for the pathetic is certainly not the mood that is generated by great art. It is as if Willa Cather, after a lifetime of brave experimenta-

tion in fiction, had decided that the mood and methods of the genteel tradition in novel writing were good enough. And this, in itself, is pathetic.

Lucy Gayheart is saved somewhat by the incidental characters, who are acutely observed and etched, and by the prose, which, however freighted with melancholy images, has a flow and a glow that only Willa Cather can manage. The epigrammatic evocation of small town life is good too. But none of these virtues can compensate for feeble portrayal of the main characters and failure to plumb the depths of a situation involving two really far from bloodless human beings. One feels that the shadowy quality of Lucy and her singer, Clement Sebastian, are the fault of Miss Cather, not of nature or of the Creator. When we first meet Lucy at the skating party on the Platte River she is anything but shadowy. And her father and sister and Harry Gordon, the small town banker, regarded her as vital enough.

* * *

Like the later Willa Cather, Stark Young is a problem. On the critical side Mr. Young prefers Dante and Dostoevsky to the purveyors of the genteel; yet his own fiction, in *Feliciano*, fails to satirize conduct that a robust person might regard as slightly inane. I liked very much the sketches of Negroes and cowboys in *Feliciano*, but the stories of the Mississippi and Louisiana plantation country seem to me to be shot full of a false reverence. Where a Eugene O'Neill would tend to call a spinster's misguided and self-denying devotion to her father a matter of spiritual starvation (after all, one can marry and still look out for one's parents if one wants to), Mr. Young tends to see it as something sublime. The story called *Cousin Micajah* exalts the self-conscious conduct of a young man who, after he has lost the girl he loves to his brother, never marries. This is returning to the Victorian romantic mode with a vengeance; it is as though Bernard Shaw and Edward Carpenter and Floyd Dell had never lived. The generation that came of age with the World War and after never will be able to understand Mr. Young's values here, although it is quite possible that the social pendulum is swinging back toward Mr. Young.

* * *

Henry Dwight Sedgwick's *In Praise of Gentlemen* is a defense of privilege and property, not as good in themselves, but because he considers them as prerequisites for the fostering of culture. The gentleman, says Mr. Sedgwick, may have lived by the sweat and toil of others, but he paid his debt to society as a whole by setting up certain standards, by advancing the arts, by rendering administrative service to his nation in time of peace and mili-

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tary service in time of war. It is to the gentleman, says Mr. Sedgwick, that we owe our notions of fortitude, prudence, temperance and love of justice.

There may be some truth in what Mr. Sedgwick says if we consider the matter from a purely historical point of view. When there was little to go around, it was perhaps lucky that a few great baronial families could have more than their proportionate share. Their scions could thus afford to study, to experiment, to support the arts and the sciences. But the advent of the machine has ruined Mr. Sedgwick's argument so far as the modern world is concerned.

Good prose no longer need be in the hands of the upper classes; it is kept alive and healthy for the most part by venturesome sons and daughters of the lower middle class and the proletariat. The prose of *Sons and Lovers* is in line with the great tradition of English writing (see John Macy's introduction to the Modern Library edition of this book if you want to be convinced); yet Lawrence was the son of a coal miner. Willa Cather, a fine stylist, even in her bad books, came out of the newspaper and magazine world which Mr. Sedgwick deprecates as a "bad influence."

Democracy, says Mr. Sedgwick, has ruined the innate gentleman. I believe it can be demonstrated that democracy has merely made the gentleman seem ruined because, by multiplying the chances for human beings to produce works of the imagination, by diffusing the opportunity for people to live more fruitful lives, and so on, it has made the true gentleman less conspicuous because less rare. In essence, Mr. Sedgwick is championing rarity, not quality. His book is a specious argument from first to last. The stream-lined automobile, a product of democratic capitalism and science, is no less esthetic because it is turned out in large numbers; nor is the Sainte Chapelle any more esthetic because it cannot be copied.

* * *

If Mr. Sedgwick wants a demonstration that a plethora of worldly goods cannot guarantee a culture, let him read *King Lehr and the Gilded Age*. This book is by the widow of Harry Lehr, and it makes for reading that is at once profoundly sad and profoundly hilarious. In case readers have forgotten, or in case they never knew, Harry Lehr was the jester of "the 400" when New York allegedly had a society. It was Harry Lehr who promoted the famous "monkey dinner" at Newport in the early days of the century—a dinner that did much to reveal the fatuousness of life on the supposedly higher levels of culture in the days of Matthew Josephson's "robber barons." As far as I can make out, conspicuous privilege

in America's post-Civil War period produced very few real gentlemen, very little fortitude, prudence and temperance, and no love of justice.

And where is the good prose? Edith Wharton is the only novelist which Newport and way stations can show, and her friends all regarded her as a freak. And one recalls Mrs. Astor's remark, made when she was told that Alice Duer Miller wrote books. "But the girl's not at all plain," said Mrs. Astor. *King Lehr and the Gilded Age* is a record of silliness, of sterility, of a horrible paucity of imaginative qualities. Its heroes are all bounders. Of course, Mr. Sedgwick might reply that the American "400" was not a real aristocracy in the European sense, but rather a collection of *nouveaux riches*. But Marcel Proust does not bear Mr. Sedgwick out; Parisian society of the same period has many of the same characteristics. And the memoirs of King Edward's day in England are not particularly reassuring. If modern "democracy" may be pointed out as the villain that ruined these aristocracies, let Mr. Sedgwick read some of the eighteenth century memoirs. Temperance is notably absent during most of this period. The conclusion is that land and privileges may produce men who love temperance and the arts, or they may produce drunken rakes. All of which makes Mr. Sedgwick's thesis rather leaky.

* * *

After reading Mr. Sedgwick and *King Lehr*, one actually welcomes a bath in the present, even when it is presented in the gloomy tones of John L. Spivak's *America Faces the Barricades* (Covici-Friede, \$2.50). Actually, the Eighties and Nineties in America—with their great strikes, their clamor for free silver—were far more like the Nineteen Thirties of Mr. Spivak's investigations than like the time evoked by Miss Cather and Mrs. Lehr. (A correspondent, incidentally, writes in to point out that Mr. Spivak's picture of modern America reminds him of his childhood in Pennsylvania in the days of the Molly Maguires.)

Mr. Spivak, in the course of his investigations, visited New Orleans, Longview, Wash.; Hibbing, Minn.; Toledo, Minneapolis and San Francisco during the strikes; the California agricultural regions, Omaha, Neb.; Brockton, Mass.; Charlotte, N. C., and the sources of American Fascist propaganda. A demon interviewer, Mr. Spivak made almost every one talk candidly to him. He paints unforgettable pictures of the stretch-out in the mills, of share-cropper misery in the regions where the AAA has driven the tenant farmer off the land by its restriction program; of industrial ferment among the working class, of agitation

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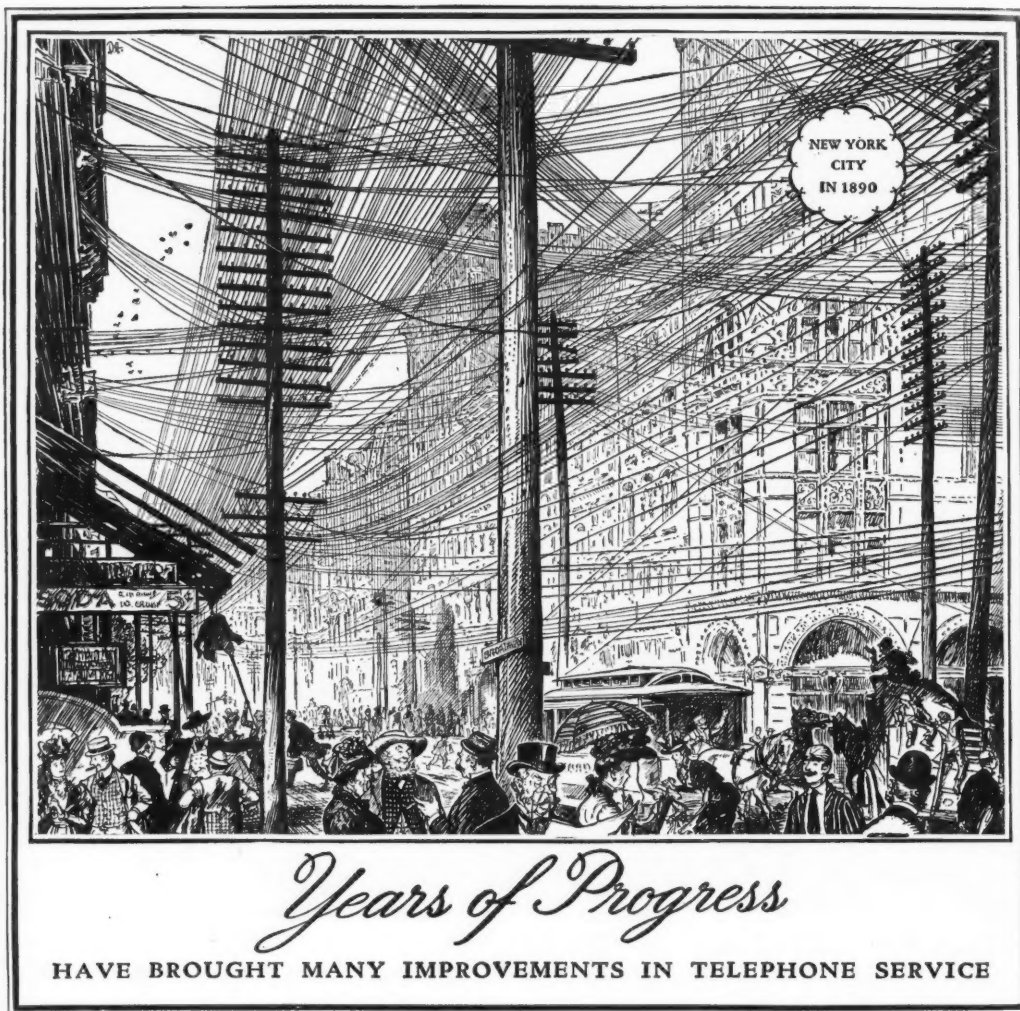
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CURRENT HISTORY

SEPTEMBER 1935

Labor Under the New Deal

By MAURITZ A. HALLGREN*

THERE are about 32,000,000 wage-earners in the United States. With their dependents they make up at least 65 per cent of the total population. Thus they constitute by far the largest single economic-interest group in the country, outnumbering the farmers by three to one and what may properly be called the business class by ten to one. How have they been faring under the New Deal? Has their lot been materially improved? Do they look to the future with any greater feeling of security than they did, say, in 1932?

While unemployment among the workers has certainly not increased, neither has it been substantially reduced. Counting from July, 1932, the low point of the depression, the National Industrial Conference Board

estimates that barely more than 2,000,000 workers have gone back into regular jobs. In the Summer of 1932, according to its findings, there were approximate 12,000,000 without work, while today the total is in the neighborhood of 10,000,000. The American Federation of Labor figures tend to run slightly higher as to totals, but they too suggest that only about 2,000,000 wage-earners have been re-employed. The Federation's reports also show that another one-fifth of the workers (21 per cent of the union membership in June) have been working only part time during the Spring and Summer of 1935. These statistics would seem to indicate that more than half the wage-earners of the country are still without regular full-time employment.

Nor have wage-earnings, as distinguished from total wage-income, shown any increase, although the Roosevelt administration, by implica-

*Mr. Hallgren is a member of the editorial staff of the *Baltimore Sun*. Some of his observations of American life have been incorporated in his book, *Seeds of Revolt*.

tion if not directly, has held up an increase in earnings as an essential objective of its recovery program. The President, indeed, emphasized the moral as well as the economic aspect of this objective in his statement of June 16, 1933, when he declared that it seemed to him "plain that no business which depends for its existence on paying less than living wages to its workers has any right to continue in this country. * * * and by *living* wages I mean more than a bare subsistence level—I mean the wages of *decent* living." (Italics as in original.)

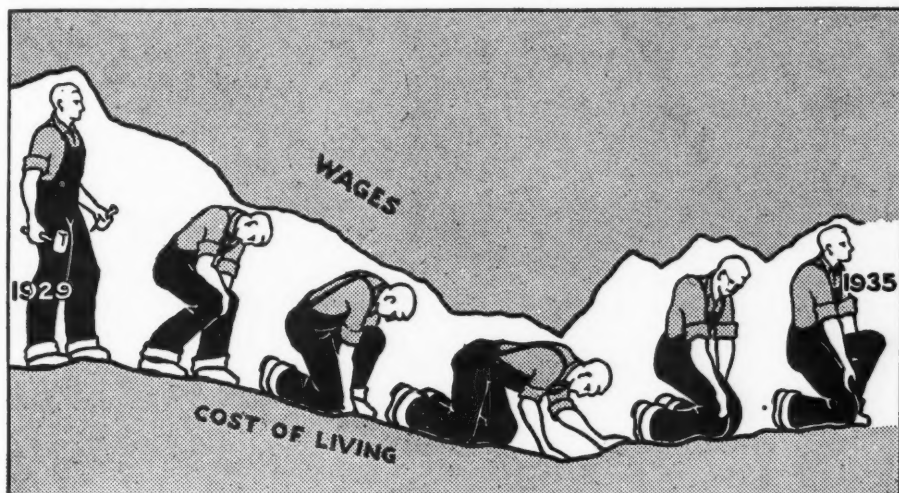
It is a question whether the American worker has ever received what can justly be regarded as an average wage sufficient to maintain a decent standard of living. Toward the end of the boom in the Nineteen Twenties, for example, the National Industrial Conference Board, an employers' organization, estimated that the average minimum cost of maintaining "a fair American standard of living for the family of an industrial worker" in the larger cities was \$31.92 a week. But at the same time the Department of Labor found that the average weekly earnings of factory workers were only \$25.26.

By 1932, according to the *Monthly Labor Review*, average weekly earnings had dropped to \$17.44, a decrease of 31 per cent. Yet the Labor Department's index of "the cost of goods purchased by wage-earners and low-salaried workers" showed that living costs had gone down only 23 per cent in the same period. In short, the depression had widened the gulf between wage-earners and a decent standard of living. Both living costs and wage rates turned upward after the Roosevelt recovery experiment was launched in 1933, but the disparity between the two remained as great as before. At

the end of 1933 the American Federation of Labor reported that "hourly wage rates average higher by 5½ cents per hour, but in many cases this is not enough to compensate for shorter hours, and in no case is it enough to compensate for higher prices." The Federation stated five months later that "the individual worker made no gain whatever in 'real' wages from March, 1933, to March, 1934. His average weekly wage increased 9.7 per cent, but this was completely offset by a 9.3 per cent increase in the cost of living."

Donald Richberg, then executive secretary of the executive council, announced in August, 1934, that from June, 1933, to June, 1934, the first full year of the recovery experiment, living costs had gone up 9.6 per cent, while average earnings in manufacturing had risen only 8.5 per cent. More comprehensive figures may be found in a study undertaken by Leo Wolman for the National Bureau of Economic Research. He disclosed that from June, 1933, to the end of 1934 there was a general decline in real wages. The real weekly earnings of bituminous miners increased 38.9 per cent in this period, while metal-liferous miners gained 4.1 per cent. But in manufacturing real weekly earnings decreased 2.2 per cent; anthracite mining showed a decrease of 11.1 per cent; non-metallic mining and quarrying, 8.5 per cent; crude petroleum producing, 7 per cent; telephone and telegraph, 2.2 per cent; electric light, power and gas, 4.1 per cent; electric railroads and motor buses, 3.9 per cent; wholesale trade, 6.1 per cent; retail trade, 4.1 per cent, and Class I railroads, 3.6 per cent.

Wage rates continued to rise in the early part of 1935, but living costs still outran earnings. According to



The Position of the American Worker, 1929-1935

the American Federation of Labor, earnings went up $5\frac{1}{2}$ per cent in the first quarter of the year, but costs increased 6 per cent. The Bureau of Labor Statistics reported that average weekly earnings in manufacturing, which stood at \$19.14 in 1934, rose to \$20.43 in the first three months of 1935, an indicated net gain of 6.7 per cent. At the same time, however, food prices were 8.6 per cent higher than the 1934 average. Since then living costs have continued to climb, while the collapse of the NRA appears to have checked the wage rise.

As yet it is too early to determine with any certainty what effect the death of the NRA will finally have on the wage structure. The American Federation of Labor has asserted that a wholesale scrapping of the wages and hours provisions of the NRA codes has followed the Supreme Court's ruling in the Schechter case. This has been denied by the industries and companies mentioned in the Federation's complaints. Indeed, most of the larger industries have declared that they will maintain the NRA

standards. Evidence collected by the board of investigation set up by the President would suggest, however, that there has been a gradual lowering of wage rates and a lengthening of hours, notably in the boot and shoe and men's clothing industries, where wages have dropped from 10 to 50 per cent, and among department stores and retail shops. While the major industries appear to be holding to the NRA wage rates for the time being, there is no evidence to show that they are increasing the pay of their employees.

In any estimate of the gains the wage-earners have made, the 10,000,000 or more jobless workers cannot be left out of consideration, for they comprise about one-third of the breadwinners of that class. That they are better off than those who were on relief in 1932 seems evident. Most of them were then dependent upon local charity, either public or private, which in the main meant grocery orders worth from \$3 to \$10 a week. During the first year and a half of the New Deal a determined effort was

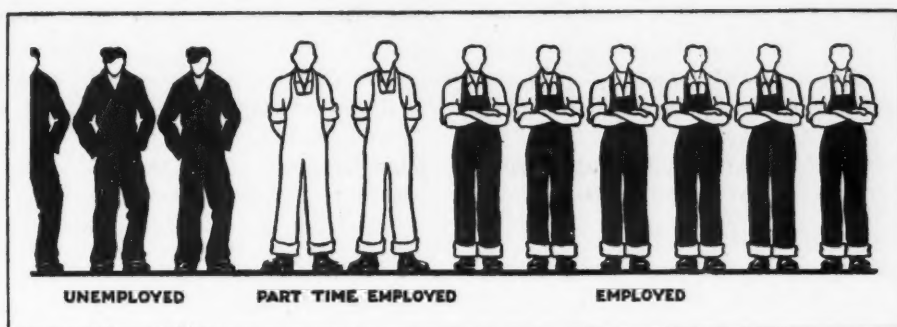
made to increase the amount of relief provided for each jobless family. The Federal Emergency Relief Administration sought to establish a work week of thirty-five hours, with a minimum wage of 30 cents an hour to be paid in cash. This would have provided a minimum weekly wage of \$10.50. In some States the minimum was exceeded; in others it was not even approached. In September, 1934, for example, the weekly earnings of workers on relief averaged \$18.42 in Pennsylvania and \$16.78 in New York, but were found to be as low as \$3.70 in Kentucky.

The Civil Works program, launched in November, 1933, sought to raise relief wages generally. By January more than 4,000,000 jobless workers were enrolled by the CWA. At that time their total weekly earnings were \$62,024,854, and their average weekly income \$14.72, which was considerably above the previous average for the country and within striking distance of the average received by factory workers in private employment. But the CWA was scrapped in the Spring of 1934, largely because employers were complaining that the "high" CWA wages were preventing them from obtaining help when they needed it. Subsequently, too, the relief administration was forced, mostly because of pressure from private employers, to rescind its original order calling for a minimum rate of 30 cents an hour. In consequence average relief earnings appear to have dropped considerably below \$10.50 a week.

In announcing his \$4,000,000,000 program in January, 1935, the President declared that under this new plan compensation "should be larger than the amount now received as a relief dole," but "at the same time not so

large as to encourage the rejection of opportunities for private employment or the leaving of private employment to engage in government work." This clearly meant that, under the new program, relief wages would not be as high as the \$14.72 weekly average attained by the CWA. In May the President announced a scale of wages ranging from \$94 a month for professional and technical work in the largest industrial centres down to \$19 a month for unskilled work in the small towns of the South. Although the relief bill was signed in April, four months later the program has not yet been put into effect. Hence there are no figures available to show what the average earnings under this program might be, though it is presumed that they will run in the neighborhood of \$35 to \$40 a month, which would be below the \$10.50 weekly minimum set by the relief administration two years ago, but higher than the \$20 a month average the President found being paid "in most localities" during 1933.

In sum, then, not only have regularly employed workers been moving away from, rather than nearer to, the "wages of decent living," but the millions of workers on relief have been getting nothing even remotely resembling decent wages. Though admittedly somewhat better off than they were before the New Deal, their position appears to be getting steadily worse. It is fair to note in this connection that the Bureau of Labor Statistics in its *Monthly Labor Review* for May, 1935, published a "Budget for Dependent Families, Based on Prices as of November, 1934." For a family of five, including a jobless man, his wife and three children, the bureau estimated that a monthly income of \$90.77 would be needed.



Each Figure Represents 4,000,000 Workers

Thus, except for the few technical and professional unemployed in the largest cities (where prices are usually above the average), the millions of jobless on relief are to be paid, under the 1935 program, wages below, most of them far below, the income regarded by this branch of the government as indispensable if they are to meet the primary needs of their families and themselves.

The Roosevelt administration has sought to provide for the future as well as the present. To this end it has adopted a social security program which, while more radical than any ever sponsored by an American President, is still far behind the social insurance systems of the industrial countries of Europe. The program has three main sections. That purporting to deal with unemployment insurance does nothing more than invite State governments to set up insurance arrangements of their own. A second section provides for "old-age assistance." Here again effective action is left to the States, the Federal Government merely promising to match, dollar for dollar, payments made to aged persons by the States up to a maximum of \$15 a month per person, which would tend to limit to \$30 a month the amount any one bene-

ficiary would receive. Only those aged persons who can prove that they are without means of maintaining "a reasonable subsistence compatible with decency and health" are eligible for assistance under this plan. This, of course, is not insurance, but pauper relief.

Under the third major section the pauper relief would in time give way to a system of pensions financed out of contributions from employers and workers. Contributions would begin at once, but the first pensions would not be paid until 1942. No pensioner would be entitled to more than \$85 a month, and to earn this maximum he would have had to be employed steadily at an average wage of \$250 a month from the age of twenty to the retirement age of sixty-five. Since the average earnings of American workers at present hardly exceed \$100 a month it is readily seen that few would be eligible for a maximum pension. The average pension, based on the current earning power of the workers, would probably be \$30 or less.

The government contributes nothing toward the pension plan except its services as bookkeeper. The workers are to pay half the costs directly through a tax on their income, which,

after a few years at a lower rate, will amount to 3 per cent. Employers will ostensibly pay the other half through a tax of a similar amount, but since this tax, from the standpoint of orthodox accounting, must be considered an added production cost, it will in all probability be passed on either indirectly to the wage-earners—as consumers—in the form of higher prices, or directly in the form of lower wages. Essentially, therefore, this “social” insurance must be looked upon as a scheme under which the workers will insure themselves at the expense of their own living standards.

One of the chief reasons why wage-earners have not gained more is to be found in the fact that in almost every detail the Roosevelt labor program has been paternalistic in character. Government benevolence or paternalism may and at times does benefit the wage-earners, but it always leaves their interests in the hands of a State that is susceptible to the influence of the employing group. Only by independent and effective organization can the working class therefore be reasonably sure of adequately safeguarding and advancing its own interests.

Under Section 7a of the Recovery Act it was supposed that the independent labor movement would be greatly strengthened and enlarged. But this section was also paternalistic in character. Its enforcement was dependent upon the will of the government. Although Section 7a technically had the force of law, the President preferred to interpret it as a declaration of policy and not as a law. He was inclined to take a neutral attitude toward the workers' struggle to organize, leaving it to subordinates to iron out as best they could disputes arising under Section 7a. That their conciliatory efforts succeeded in some cases may be

attributed more to their own good will than to the policy of the administration. Nevertheless, there were hundreds of cases of violations that did not yield to compromise, and of these hundreds of instances in only one, that involving the Weirton Steel Corporation, was court action taken. Upon one or two occasions, particularly in the Jennings case and in the automobile controversy, the President departed from his neutrality to side with the employers.

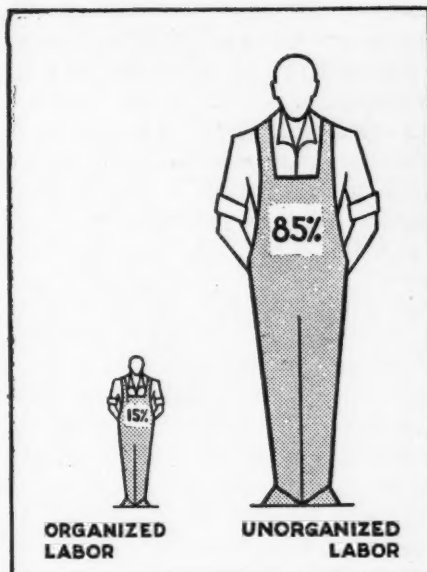
The President obviously could not be expected to take the initiative in a campaign to organize the wage-earners. That was a task that lay with the leadership of the labor movement. Further, his recovery program was itself an obstacle to effective enforcement of the collective-bargaining provisions of the Recovery Act. He was proceeding on the theory that recovery could best be achieved by restoring the profit margin. It would hardly have been consistent for him to have sought to increase profit income and simultaneously to have helped strengthen organized labor in its endeavors to increase wage income.

It is believed by labor leaders that the Wagner Labor Disputes Act, the successor to Section 7a, will prove more effective in promoting collective bargaining. But this probably will not follow, for the new law rests upon the same principle of paternalism. There is little likelihood that an administration that lacked the will to enforce Section 7a will be found any more disposed to support the same law in its new and more elaborate dress. The Wagner Act, moreover, is rigidly limited to simon-pure interstate commerce under the ruling of the Supreme Court in the Schechter case. Lastly, the new law may actually weaken organized labor, for it

empowers the labor boards to determine for themselves the agencies or labor units that may or may not engage in collective bargaining.

It must be acknowledged that organized labor made some progress under the stimulus of Section 7a. This was notably true in bituminous mining, the needle trades, the textile industry and one or two others; in short, in those trades and industries where the workers and union leaders got out and fought for themselves instead of relying upon governmental benevolence. During the first year of the existence of Section 7a, the American Federation of Labor increased its recorded membership to 2,608,011, a gain of 481,215. Since then it has probably gained as many more, bringing its membership to a point slightly above the 1929 level, but still leaving it below the wartime peak of 4,078,740. The authors of *Labor and the Government* (McGraw-Hill, \$2.75) have estimated that the total union membership of the country, including independent unions not affiliated with the Federation, is today about 4,200,000. This means that more than 85 per cent of the 32,000,000 wage-earners are still dependent upon the benevolence of employers or the government for protection of their interests.

On the whole, it is apparent, the mood of the wage-earners has been greatly changed by the New Deal. The dread and despair that pervaded this group toward the close of the Hoover administration has yielded to a feeling of hope and expectation. That, at least, was true of the first year or eighteen months of the Roosevelt administration. Not that the workers had suddenly become satisfied with their economic prospects. Indeed, labor unrest increased after Mr.



Roosevelt took office, and in 1933-34 a strike movement developed on a broader and more violent scale than any the country had known since 1919. That many of the workers felt it necessary to strike for higher wages was in a sense a reflection upon the promises and policies of the Roosevelt administration. A majority of the strikes, however, were called, not to obtain higher wages, but to win recognition of unions; that is, to compel employers to abide by the collective-bargaining provisions of the Recovery Act. Many of the strikers believed that they were fighting both for themselves and for the principles and ideals which they had been persuaded were of the very essence of the New Deal.

Recently there has been noticeable a distinct, though as yet not widespread, weakening in the faith and the hope of the wage-earners. It is not that the despair of 1932 is reappearing, but rather that the workers are becoming somewhat cynical—to

judge by the labor press and the remarks one hears at labor meetings—with regard to promises issuing from Washington. Whole groups of workers are discovering that they have no place in the New Deal. The Negroes offer an outstanding example. Some legislation even goes so far as to name the groups that are being ignored. Under the social security program, for example, household domestics, farm hands, itinerant workers and the employes of small establishments are specifically excluded. But the chief cause of the waning faith lies in the failure of earnings to keep pace with living costs. And there can be little doubt that as more and more of the workers learn that the social security scheme provides no real or substantial security against the uncertainties of the future, their confidence will be further undermined.

One of the avowed objectives of the New Deal was the attainment of a

balanced economy. The farmers have been helped. Their buying power, in terms of the ratio of prices received to prices paid, has been increased 50 per cent or more. They are today receiving more than 10 per cent of the national income, while in 1932 their share was only 7.5 per cent. Many business enterprises, particularly the larger ones, are earning greater profits or wiping out deficits. Corporations reporting to the National City Bank reveal a profit gain (less deficits) of 32 per cent in 1934, as compared with 1933, while the gain is apparently being maintained at the same rate in 1935. But thus far the effort to balance the national economy has brought no measurable gains to the wage-earners, who constitute by far the largest class in the country. Their share of the fruits of American productivity, as a result of the New Deal, is so far somewhat smaller than it was in 1933 and considerably smaller than it was in 1929.

The Battle of the Currencies

By ELLIOTT V. BELL*

IN May, 1931, when the world seemed about to work its way out of the business slump that had begun in the United States some eighteen months before, there occurred in Central Europe an event which was to superimpose upon that slump a monetary crisis of unprecedented fury. In Vienna the Kreditanstalt, the largest private bank in Austria, failed, lighting a powder train which flashed across the financial markets of the world. The monetary standard of country after country blew up until, in the space of two years, the ordered relationships of currencies had been reduced to chaos. The post-war restoration of the gold standard, which had taken twelve years to accomplish and in which bankers, business men and governments had placed such high hopes, was wrecked.

The failure of the Kreditanstalt started a run of foreign creditors upon Germany, which, within two months, forced that country to suspend payments on its foreign debts. The international bank-run spread to Great Britain, and by September, 1931, the Bank of England was compelled to suspend gold payments.

Because it had been the practice for a large number of foreign central banks to keep their reserves in London, and because of the great importance of the pound sterling in international trade, the fall of the pound

compelled a number of other countries to suspend the gold standard. On the very day that Britain fell from gold, Colombia, Egypt, India, British Malaya and Palestine followed suit. Within a week Bolivia, the Irish Free State, Norway, Sweden and Denmark had also gone off gold. Before the year was out these had been joined by El Salvador, Finland, Canada, Japan and Portugal. Thus was created the sterling area, a world-wide group of nations linked to Britain by ties of currency and trade relations. In the following year, 1932, Ecuador, Chile, Greece, Siam, Peru, Yugoslavia and the Union of South Africa abandoned the attempt to remain on gold.

By the Spring of 1933 the deflationary consequences of the suspension of the gold standard in Britain had combined with other factors to drive the United States off gold, and in the same year Austria and Estonia took similar measures. Since then Belgium, Danzig and Luxembourg have devalued and the thread that ties Germany, Poland and Italy to gold has been stretched almost to the breaking point.

The consequences of this monetary crisis, when added to the business depression, have been a calamitous fall of world prices and the strangulation of international trade. Now, after four years of monetary warfare, the world is weary for peace. Stabilization of currencies is perhaps the foremost international problem of the day. Chambers of commerce, local and international, declared themselves for

*Mr. Bell, a member of the financial news staff of *The New York Times*, contributed to July CURRENT HISTORY an article entitled "Who Shall Rule the Money Market?"

it; bankers and economists, severally and in groups, insist upon it as a prerequisite to further recovery; and statesmen, disillusioned with the results of currency depreciation, make conciliatory gestures.

To understand the intensity of this demand for stabilization it may be helpful to contrast the present conditions in the foreign exchange market with those which existed until the World War. For nearly 100 years before 1914 Great Britain had been on the gold standard. The Bank of England stood prepared to pay out gold in redemption of its notes or to buy gold in return for its notes at fixed prices, corresponding to the gold content of the sovereign.

Because of its long standing as a gold currency, freely redeemable, the pound had become the currency of international trade. When merchants in one country sold to those of another the payment was generally made by means of a sterling bill, that is, a draft on a London banking house, payable in pounds sterling. The seller knew exactly what he was being paid and the buyer exactly what the transaction was costing him. Each understood that there would be no difficulty in purchasing or selling the sterling exchange needed to fulfill the deal.

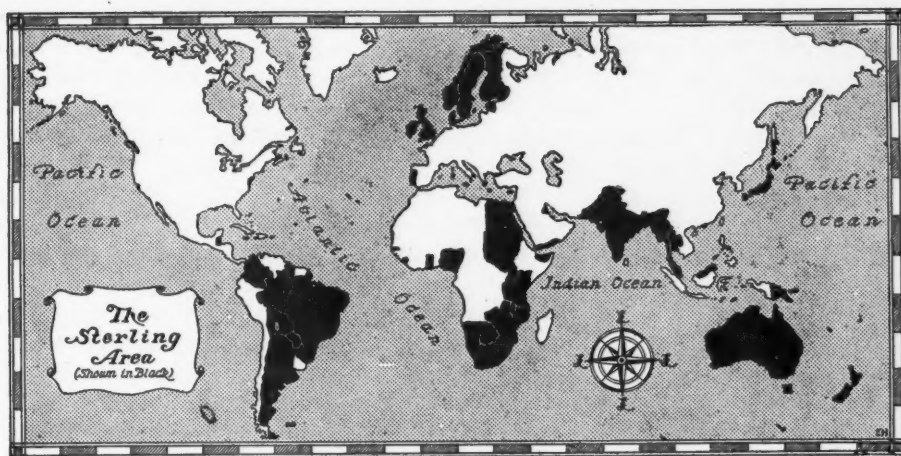
Since every currency was linked to gold at a definite ratio, the currencies of the various nations had an exact relationship to each other, called "gold parity," which was determined by comparing the respective amounts of gold for which each was redeemable. Thus the amount of gold in the dollar could be divided into the amount of gold in the pound 4.866563523 times and the pound was therefore worth about \$4.86.

But today the pound is an irredeemable paper currency. Its value is

determined by supply and demand. Today it may bring \$4.86, a week from now \$4.96 or \$4.76 or even more widely varying prices. The old certainty upon which international traders relied is gone. An exporter who receives sterling for goods sold abroad may see part of his profit disappear through the fall in the pound before he can dispose of his sterling bills. Another merchant, planning to purchase goods in London, may find the price has suddenly become prohibitive because of an unexpected rise in the pound. The hazards of these fluctuations work their way in widening circles throughout the field of international commerce and finance. When to the fluctuations of the pound there are added the individual fluctuations of virtually all other currencies, the world of international business is turned into a bedlam.

But there is another consequence of unstable currencies which is even more important than the hazards of the foreign exchange market. This is the deflationary thrust exerted upon world prices by the depreciation of a currency so important as the pound sterling. Let us say that a manufacturer in Sheffield can turn out a particular kind of carving knife to sell abroad at the equivalent of one pound sterling. With the pound at parity this is equal to \$4.86, and that is the price, disregarding tariffs and other extraneous items, which an American competitor must meet.

Suddenly the pound sterling falls to \$4 or, as in December, 1932, to \$3.14. To the British manufacturer a pound is still a pound, and a pound per carving knife gives him his profit. But the knife can now be sold in America for far less than formerly. The American competitor must meet this price or go out of business. This



is what is known as "foreign exchange" dumping. Actually what happens is that the countries which find themselves faced with an influx of cheap goods from countries with depreciated currencies immediately raise tariffs, or set up quotas or embargoes. These in turn lead to retaliation and the flow of international trade is more and more obstructed.

The illustration is, of course, highly oversimplified. Prices are not only driven down by the influx of cheap goods from countries with depreciated currencies; our own products find markets curtailed by the reduced buying power in dollars of foreigners whose currencies have declined. If the price of American cotton, wheat or automobiles rises 50 per cent in terms of sterling by virtue of a fall of one-third in the dollar value of the pound, then obviously Britishers can buy fewer American automobiles, less American cotton and wheat, and if the United States is to sell any of its export surplus it must cut prices to meet the levels at which depreciated currency countries can buy. Another alternative, which is the one the United States eventually took, is to cut the dollar loose from gold and to

allow it to depreciate until we, instead of Great Britain and the other countries, enjoy a competitive advantage. When that is done the full force of the deflation set in motion by competitive currency depreciation is hurled against the surviving gold-standard countries. To protect themselves they raise tariffs and set up quotas, further restricting trade. Yet such measures cannot prevent the price level from being driven down.

Thirty-six countries have now depreciated their currencies from the pre-depression levels and virtually the entire world is off gold. To secure agreement among so great a number of nations, each one of which is seeking to obtain an economic advantage over the others, is hopeless. Fortunately no such ambitious undertaking is needed. Stabilization, as a practical matter, involves the re-establishment of fixed relationships among the dollar, the pound sterling, the franc and one or two other important exchanges. If this could be accomplished the lesser currencies would gradually work back to the gold standard or to some fixed relationship with the leading gold-standard currencies.

But even the essential three-cor-

nered return to fixed parities by the dollar, the pound and the franc is a hard task. Behind the present currency disorder stand the mistakes of the post-war stabilization, which are largely responsible for the extent and duration of the depression.

Following the war the pound sterling, the franc and other leading currencies were depreciated rapidly and a condition of currency disorder like that now prevailing set in. Then, as now, business men and bankers clamored for a return to the ordered currency relationships of the gold standard. In the high hopes of the reconstruction period it was felt that a return to gold would solve many of the economic dislocations left by the war. But the return to gold was badly bungled. Great Britain restored the pound to its old parity, \$4.86, making no allowance for the increase in her debt, the rise in her costs of production and the changes in her balance of international payments which had been produced by war. France, on the other hand, revalued the franc at about one-fifth of its former parity.

The old gold value to which the pound was restored turned out to be too high, while the new gold value to which the franc was pegged turned out to be too low. Because of the high price of the pound sterling Britain's costs and prices were dear in terms of other currencies, while those of France were cheap, and as a result Britain was saddled with an artificial handicap in international trade while France acquired an artificial advantage. In a flexible system this might have been corrected in time through a fall in British prices and costs, particularly costs of labor, and a rise in French prices and costs, but the modern economic system did not prove flexible enough to make this adjustment. Britain suffered from the mis-

takes of the post-war restoration of the pound to its old gold parity and she it is, naturally enough, who now shows the greatest reluctance to rush into a new stabilization.

Stabilization is by no means an exact science. Even if economists could provide a precise formula for determining the true parities of currencies, there would still be the thorny question of practical politics to overcome. When and if the representatives of the United States, Great Britain and France sit down to bargain on stabilization, each will be expected to secure advantages for his own country, while any concessions will be bitterly attacked by political opponents at home.

The outstanding theory for determining the value of one currency in terms of another is that of purchasing-power parity, which holds that the relationship between currencies should be based upon equivalent purchasing power in their respective markets. That is, if the proper sterling-dollar rate is \$4.86 to the pound sterling, then one pound in England should buy as much as \$4.86 will buy in the United States.

This theory is perhaps too simple. It fails to explain why it was that before the World War, when currency relationships appeared entirely satisfactory, prices in the United States were higher than in England, in England higher than in France, in France higher than in Italy and in Italy higher than in Japan. But it is plain from the experience of the pound sterling and the franc in the post-war stabilization that relative price levels cannot be ignored in the return to gold.

Practical bankers incline to place more importance upon the question of the international balance of payments. According to this school of

thought, if, after a period of trial with a specific currency level, a country's balance of payments seems to be in equilibrium, as shown by a lack of excessive gold movements, approximately the right parity has been determined.

When the gold standard broke down in 1931, bankers and economists everywhere declared that before there could be any permanent restoration certain fundamental conditions would have to be fulfilled. As outlined by the gold delegation of the League of Nations in 1932, these essential conditions included: (1) The restoration of a reasonable freedom in international trade; (2) a solution of the problem of war debts and reparations; (3) the restoration and maintenance in each country of economic equilibrium, including the balancing of budgets and the adjustment of costs of production and costs of living. None of these prerequisites has been met.

There is now a growing tendency among bankers and business men to disregard the earlier agenda and to insist that stabilization itself will bring about the necessary adjustments. To wait for the adjustments, it is declared, would delay stabilization indefinitely. Yet it was precisely the lesson of the post-war stabilization that restoration of the gold standard, without adjusting the conditions which brought about its collapse, only leads to new and more serious currency disorders. The present stabilization problem is, in effect, a continuation of the post-war problem, recurring now because it was never correctly solved.

The experiences of the post-war stabilization period and of the past few years explain the present divergent points of view of the principal nations toward stabilization. France,

which prospered during the post-war period and which now clings precariously to gold, buffeted by the full force of the gold-price deflation, is eager for a truce in the currency war. Faced with a formidable budgetary problem, she is continually subjected to speculative attacks upon the franc and to the flight of domestic capital. So long as the present unstable currency conditions prevail she faces recurring crises. The alternative—to abandon gold and depreciate the franc—is highly inexpedient. As French public opinion is irreconcilably opposed to such a move, French political and financial leaders, almost to a man, have pledged themselves to uphold the gold standard “to the last drop of blood.”

France desires stabilization to avoid the now impending danger of being forced off gold against her will. This desire probably does not preclude the possibility of some cut in the gold value of the franc if it could be undertaken in an orderly way in conjunction with the return to fixed parities of the pound and the dollar. The position of the two other survivors of the gold bloc, the Netherlands and Switzerland, is precisely the same.

The United States is friendly to stabilization, as is natural enough at the present time, although it constitutes a marked reversal of the stand taken two years ago when President Roosevelt cabled to the London Economic Conference that it would be a “catastrophe amounting to a world tragedy” if the conference were to be diverted toward the question of stabilization. But in the meantime conditions have changed. The commodity dollar has been tried and rejected, while the dollar, cut to 59.06 per cent of its former value, has been tentatively restored to gold. At this new

Factors Favoring Currency Stabilization

1. Desire of France and the United States to preserve the status quo in foreign exchange relationships.
2. The business and banking demand for stable money.
3. Disillusionment on the part of politicians with currency tinkering.
4. Fear that unless stabilization is soon accomplished the gold bloc may go off gold, leading to intensified currency warfare.
5. Fear that continued currency instability in a period of recovery may lead to inflation.
6. The fact that Britain and the United States have already devalued about as much as they want to.
7. Belief that without stabilization further recovery is impossible, and that the existing recovery may be jeopardized.
8. Presence of larger gold reserves as a result of increased production, "dehoarding" by India, recovery of scrap gold and devaluation, making it easier to maintain a re-established gold standard.
9. Belief that a period of rising prices is ahead which will compensate for possible errors in fixing new parities.

level it is clearly undervalued, as witness the \$2,000,000,000 in gold, exclusive of "gold profits" accruing from devaluation; which this country gained in the first eighteen months following the devaluation of the currency on Jan. 31, 1934.

Now the United States wants to maintain approximately the current foreign exchange rates, for if the gold standard collapsed and led to renewed currency depreciation in Europe the result might easily be to leave the dollar at its new parity no longer undervalued, but possibly overvalued. With France off gold, the pound sterling, which has been selling somewhat above its old dollar parity, might easily depreciate to a level which would bring fresh demands from the inflationists for a new cut in the dollar.

The viewpoint of Great Britain is affected by the bitter lesson of the post-war stabilization and the relatively happy results in the past four years of an unstable currency. Britain's Chancellor of the Exchequer, Neville Chamberlain, has repeatedly

declared that her "ultimate objective" is a return to the gold standard, but he has added that it would be futile to bring about currency stabilization until there were prospects of some stability in general economic conditions.

Before stabilization can be achieved the British Government considers it essential that there should be: (1) A rise in commodity prices, accompanied by an adjustment between costs and prices which will permit industry to operate at a profit; (2) removal of barriers to international trade; (3) a final settlement of war debts; (4) some means of avoiding price fluctuations arising from monetary causes; (5) reduction of the disparity existing between the dollar and the franc. The last point refers to the fact that, in Britain's opinion, the dollar is now undervalued while the franc is too high. The British seem to feel that little progress can be made toward stabilization until France and her fellow-survivors of the gold bloc have suspended gold payments.

Apart from the three principal

Obstacles to Currency Stabilization

1. The fundamental conditions which led to the breakdown of the gold standard—war debts, trade barriers, unbalanced budgets—still exist.
2. Britain, having achieved some recovery with unstable exchange and having in mind the errors of the post-war stabilization, is reluctant to return to gold without assurance that proper conditions have been established.
3. Undervaluation of the dollar and overvaluation of the franc.
4. American silver policy, which is a disturbing and unpredictable factor in world monetary affairs.
5. President Roosevelt's right to devalue the dollar at any time to 50 per cent of its former parity.
6. The difficulty of securing agreement among nations now off gold.
7. The practical impossibility of discovering the correct parities.
8. The fact that conditions have been created which may lead to important future price changes affecting parities established at this time.
9. The problem of determining the kind of gold standard to adopt.
10. Political obstacles here and in Great Britain to necessary concessions.
11. Political barriers to devaluation by France and the well-nigh universal belief that stabilization with the franc at its present level could not last.

countries there are others, only slightly less important, which would have to be considered in ultimate stabilization plans. These include Germany, where the mark is still theoretically linked to gold but actually has been supplanted in international trade by a complex system of "blocked" exchange which sells at discounts of 45 per cent or more from the nominal value of the mark; Japan, with the yen at about 35 per cent of its former parity, and Italy, standing in a twilight zone, for the lira has not actually been devalued, but is held to gold by only the most slender threads.

The factors favoring stabilization, apart from the increase in the world's gold reserves, are largely psychological, while many of the circumstances opposing it are hard facts. Under the circumstances, the outlook for an early world-wide return to fixed gold parities appears gloomy enough, but that is not to say that much cannot be done in preparation.

The first step, obviously, should be an understanding among the United States, Great Britain and France as

to what are the monetary objectives of each country. Such preliminary moves must of necessity be secret, for to state an objective in currency affairs would cause speculators to anticipate the result. At the same time, those charged by the respective countries with the task of attaining stabilization must have authority, if any progress is to be made, to pledge their governments to some extent. A possible agenda might include the following:

1. Preliminary arrangements among the various central banks and government stabilization funds to provide for active cooperation to minimize fluctuations in exchange rates.

2. A conference among representatives of the United States, Great Britain and France to decide upon approximate future parities for the three currencies based upon a study of their respective price levels and their balances of payments.

3. Cooperative action by the various exchange "controls" to achieve those parities *de facto*.

4. A second conference at which

Germany, Japan and other nations should be brought into the stabilization movement and plans completed for actual stabilization.

Without waiting for the experts to complete their studies or the politicians to make their bargains, it is impossible to determine exactly what the new parities might be. But assuming that the dollar is to continue at its present level, since a rise above that level seems to be politically impossible, then the pound sterling should probably be stabilized no higher than \$4.75. The franc, at a guess, should be devalued from 15 to 20 per cent, or to somewhere between 5.64 cents and 5.30 cents, compared with its present parity of 6.6335 cents. Such parities, of course, would be contingent upon a reasonable stabilization of the yen, the mark and other of the world's less important currencies.

The final plan should provide for the settlement of the war-debts question on a basis which would not distort the international balance of pay-

ments. Tariffs may possibly be left to later adjustment. The United States would have to end its disastrous silver experiment, or at least undertake to govern its silver policy in a way so as not to disturb exchange relationships. Finally, it would be necessary to provide for a new and workable form of the gold standard—our own system might well serve as a model.

Some of the smaller countries, such as those of Scandinavia, might decide not to return to gold, but to continue on a managed currency basis. Such an arrangement would not materially detract from the stability of the world monetary system. On the contrary, it might aid matters by effecting an economy of gold.

The program is not impossible, but it is one that may take years to complete. The first step, however—cooperation to minimize existing fluctuations in exchange—is probably near at hand. There have been numerous signs in the past year that the nations are approaching some such armistice in the monetary war.

Italy's Gamble for Ethiopia

I—A Test for Diplomacy

By ALLAN NEVINS*

HAD anyone predicted a year ago that the question of the survival or extinction of a little African nation would eclipse all other international problems he would have been scoffed at. Yet in this issue of Ethiopia is now bound up the prestige of Mussolini and the pride of Italy as a world power. It involves momentous possibilities of change in the European balance of power, and equally momentous possibilities of conflict between white and colored races in other parts of Africa and in Asia. It will vitally affect the position of the League of Nations and may conceivably cripple still further that greatest of hopes for an effective organization of world peace.

Grave as the Italo-Ethiopian crisis was at the beginning of July, it had become decidedly more threatening five weeks later. The half-hearted League effort to deal with the situation through a conciliation commission had broken down before the middle of July. Italian determination had manifestly stiffened. More divisions had been called to the colors, a stream of transports had been kept hurrying through the Suez Canal, and the press had spoken in ever more menacing language.

A meeting of the League Council at the beginning of August resulted in

nothing but a postponement and a remission of the question to stronger hands. The League can obviously do nothing to halt "Mussolini's war." Great Britain might, but, as Lloyd George says, she will not act alone—and France has shown no disposition to act with her. A slight chance of peace still remains in the Three-Power negotiations that early in August were scheduled to begin on the 16th; but peace will have to be purchased, and at a price that Mussolini is in a position to make very stiff.

The great question as the first week in August ended was whether Great Britain, France and Ethiopia could or would agree upon a purchase price, and agree upon it in time. The sands are running out. By the beginning of September Mussolini will have the 400,000 men (100,000 regulars, 75,000 Black Shirt militia, 100,000 native troops, 40,000 garrison troops, 30,000 workmen and numerous aviators and other special units) which he is said to desire before striking. Early in September the rainy season ends. There is to be another session of the League Council on Sept. 4, but Italy has not promised to send a delegate. The belief of all observers in East Africa is that if nothing is done beforehand to stay his arm Mussolini will set his legions in motion early in the month. Rapid action will be required in the brief period yet remaining.

Can Great Britain and France find some substitute for the conquest of

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Ethiopia that is acceptable to Mussolini from the standpoint of personal prestige and to Italy from that of national advantage, and that is yet not wholly intolerable to the proud-spirited Ethiopians? If this substitute requires sacrifices of their own, will they make them?

The answers to these questions obviously depend upon still other questions. What are Mussolini's minimum demands likely to be? At what point will the Ethiopians choose to fight rather than to yield another square inch of land or make another economic concession? What helpful territorial concessions might England or France be persuaded to offer? As these lines are written in the first weeks of August, the answers to such questions are still unknown. But one assumption seems perfectly safe: Italy will either proceed with the war, or will be well paid for abandoning it—will, in short, have been successful in one of the greatest pieces of international blackmail in modern times.

The purposes of Italy have been greatly clarified within the past month. At the outset, as all observers agree, the Ethiopian adventure was Mussolini's own, and was far from a popular undertaking. He was advised against it by his principal subordinates. At the outset, moreover, he pointedly refused to indicate even to other Italian leaders just how far he wished Italy to go in Ethiopia; whether he would be satisfied with large economic concessions, with a protectorate, with partial annexation, or with nothing less than complete conquest. Even leading men in the Italian Foreign Office and War Office have been confessedly in the dark on this question. Anne O'Hare McCormick has written in *The New York Times* that Mussolini himself con-

fessed to her about July 1 that he had not yet made up his mind.

But as time has passed, Mussolini has swung more and more clearly toward insistence upon complete conquest—or a round practical equivalent. He was probably thinking of the equivalent when he informed H. V. Kaltenborn on July 16 that "peace is possible." Addressing a company of departing Black Shirts on July 10, he said that Italy had entered upon a struggle which "we have irrevocably decided to carry to its conclusion." He told an interviewer for the *Echo de Paris* in a notable statement on July 21 that "Italy is certain to impose her will," and added that when Europe ceased to exercise her "historic mission" of colonizing savage lands she would have fallen into decadence. The tone of the Italian press and Italian spokesmen (even Luigi Pirandello, visiting New York) has become uncompromising. Rome and Milan newspapers declare that nothing less than an "integral solution," meaning complete subjugation, will be acceptable. Ethiopia faces extinction.

And during July and early August Mussolini apparently completed the task of infusing Italy with his own enthusiasm for the costly and dangerous venture. The younger Fascists, who have grown up under the present régime, were enthusiastic from the start; the others have now fallen into line. To give the undertaking a semblance of dignity and to arouse national fervor, he has made the most of foreign opposition. Just as for years hostility to France and abuse of the Little Entente were systematically encouraged in the Italian press as a means of cementing national unity, so in recent weeks the well-drilled Italian newspapers have been full of attacks upon Great Britain and Japan as well

as Ethiopia. These have been marked by gross misrepresentation and calumny. Both the Japanese and British Governments are reported to have lodged informal but emphatic protests.

Great Britain in particular has been held up as a hypocritical and greedy power which is opposing Italy only because of her own insatiable appetite for territory and her desire to bring Lake Tsana and the sources of the Blue Nile under the British flag. In view of the century-long ties between Great Britain and Italy, ties so close that Italy stipulated in entering the Triple Alliance that she must never be asked to fight Great Britain, the anti-British campaign has been as astonishing as it has been unscrupulous. But it unquestionably did much during July to change the attitude of Italians toward the Ethiopian conflict. And that was undoubtedly its object.

As the war fever has risen in Italy, it has become evident that minor concessions cannot possibly satisfy Mussolini or his people. A dictator works in a peculiar atmosphere, his very existence depending upon his prestige. Beyond doubt Mussolini was largely actuated in entering upon the adventure by the economic stress now felt in Italy and the political discontent which it has generated. For him to withdraw without large tangible gains would be absolutely ruinous. The return empty-handed of several hundred thousand soldiers who have suffered heavily in the fierce climate of the Red Sea littoral might well be the signal for revolution. Italian correspondents of the French and British press attribute to Mussolini the desire to establish an East African empire comparable with that of France in North Africa. He is said to expect to settle 3,000,000 Italian colonists on the Ethi-

opian uplands and thus diminish the overpopulation of his country. Mere economic privileges would be far from the equivalent of such an outlet.

It must also be remembered that Italy has long felt that she was cheated in the distribution of the spoils of war. The Allies made lavish promises in 1915. She expected to emerge from the conflict an imperial power, with a colonial empire proportioned to her population and ambition, and with ample opportunities for expansion. Few countries need the raw materials of industry—coal, iron, oil, cotton, wool—more sorely.

When Mussolini was invalided out of the army in 1917 he devoted much of his writing in the *Popolo d'Italia* to demanding a large share in the territorial conquests of the war, a popular cry. The disappointment of Italian hopes had much to do with the revulsion of opinion, the general discontent, which overthrew the flimsy structure of liberalism in Rome and installed Mussolini in power. Cyrenaica, Eritrea, Somaliland, are so largely barren as to be almost worthless economically and quite worthless as homes for large colonial populations. The old Italian hopes of the war period have now been reawakened. The press has printed tempting descriptions of temperate and fertile Ethiopian valleys; the pioneering spirit has been aroused in Italian youth. To Italy it seems that protests come with bad grace from nations that acquired so much territory in 1918.

Thus all the developments of the past six weeks in Italy have made for a war of subjugation in Ethiopia, to be followed by complete annexation. The two factors that have suggested caution are the fear of financial difficulties, and the apprehension that a long and bloody campaign may be

required. But there is no evidence that either fear weighs very heavily in Rome.

Italy's financial position, to be sure, is patently bad. On July 22 the government was forced to suspend the 40 per cent gold coverage which had been fixed for her paper currency in 1927. The budgetary deficit for the year 1935-36 was estimated some time ago at \$170,000,000, and the cost of military preparations is fast swelling the figure. The nation has a fast-increasing national debt, an adverse trade balance, a credit so poor that British coal interests have been reluctant to continue shipments on short-time paper, and a tax burden which Mussolini himself says has reached its utmost limit. The problem of Italy in transferring funds to pay for indispensable imports—practically all her coal, iron, cotton and petroleum must be bought abroad—is already serious. Last December the government took over all foreign securities owned by Italian nationals and has been using them to pay for purchases, but this resource cannot last indefinitely. What America thinks of Italian finance is summed up in the quotation of Italian 7 per cent bonds in New York at between 60 and 70. Even a short war would place a terrific strain upon the Italian Treasury.

Moreover, assuming the war to be successful, it would mark only the beginning of Italian expenditures under the heading of Ethiopia. The natural resources of the land are still largely unexplored and in great part problematical. There are certainly deposits of iron, copper, lignite and other minerals, but are they in quantities and locations that would make extraction on a commercial basis profitable? The British Department of Overseas Trade states that "no sign appears to indicate that the deposits of gold or

platinum provide opportunities for anything but 'small man' workings." While the growing of cotton, coffee and rubber may well be developed into flourishing industries, that remains to be proved; and Ethiopian agriculture is still in the pastoral stage. Assuredly, before any resources can be exploited in paying degree, large sums must be spent in building railroads and highways and in installing machinery in a land of great topographical difficulties. Anyone who has studied the French, British and Japanese investments in Morocco, Kenya and Manchukuo, respectively, knows what huge sums even rich and fertile territories swallow up before profits appear.

But the cold fact is that financial considerations never deter any nation that is really bent on conquest. The one purpose for which money can always be found is to fight. Nations can, indeed, fight long and hard with surprisingly little money. Rome announced on July 27 that the Italian banks had immediately absorbed a Treasury loan of 1,000,000,000 lire in one-year bonds, and that owing to the economic boom resulting from large orders for war materials the Treasury expected a considerable increase in revenue. The cost of the Ethiopian war has been estimated by neutral observers at about 10,000,000,000 lire, or \$825,000,000, though no such estimate can be worth much. Italy is confident of ability to raise that sum. And if and when Ethiopia is conquered, she is confident that she can find the money with which to colonize and develop it. Financial apprehensions will not restrain Italy. As for military apprehensions, Mussolini obviously expects to win by sheer weight. An army of 400,000 men, heavily mechanized, with fleets of airplanes, means simply that he is taking

none of those chances which Italy took and rued at Adowa.

In the face of overwhelming odds, Ethiopian courage has challenged the admiration of the world. On July 18 the Emperor Selassie made a stirring appeal to Parliament and his countrymen to struggle to the last for the independence of the nation. He promised to die—as King Theodore did when the British under Napier conquered the country—rather than submit. Mass recruiting for the army began on Aug. 1. Strategic positions upon all fronts, but especially in the north, have been fortified under the guidance of European experts. Large troop movements, for the most part secret, have taken place. Men are being trained and stores of provisions accumulated. More than once Selassie has spoken bitterly of the virtual world embargo on arms shipments to his little nation. The French-controlled railroad from Jibuti has refused to carry munitions, half-executed contracts in Belgium and Czechoslovakia have been canceled, and even Great Britain has temporarily interdicted all shipments—suspending licenses early in July “until further consideration.” But the little, half-armed nation is preparing to die in the last trench rather than see the independence maintained for so many centuries stamped out.

Yet, while immovable upon the question of national sovereignty, the Emperor has indicated that he would make very large concessions if they did not compromise Ethiopian independence. In a special cable to *The New York Times* on July 13 he declared that he would not accept a railroad to connect Eritrea and Italian Somaliland through Ethiopia, policed by Italian troops, for that would inevitably lead to annexation. But he

added that he would be glad to negotiate with Italy on purely economic grants and privileges. He has also indicated that he would by no means be averse to an exchange of territory. In his speech of July 18 he mentioned the British offer of the port of Zeila, which he said Ethiopia was willing to discuss, but which “Italy brutally swept aside.” He would be willing, as he has told interviewers, to give up the Province of Ogaden, which fronts on Italian Somaliland; and it is conceivable that he might give up more if necessary to save his nation.

After all, in 1900 a frontier dispute with Italy was tacitly settled by allowing the Italians to occupy part of the high plateau facing Eritrea. It is more of the plateau and mountain-valley country that Italy chiefly desires. In Ethiopia's 350,000 square miles there is much land out of which wandering tribes might be cleared without grave hardship, and for the surrender of which a Red Sea port and a full guarantee of future independence would seem ample recompense. In this direction hope of peace may still lie.

The British offer of Zeila might not only be repeated but augmented. As Malcolm MacDonald, the new Colonial Secretary, told the House of Commons on July 8, British Somaliland is only a protectorate. The tribes inhabiting it are held in only a loose suzerainty to George V, and with their own consent might easily be made over to Ethiopia. France, which profits by the monopoly of Ethiopian commerce held by the port of Jibuti, has shown irritation over the British generosity. But France may yet see reasons for desiring peace that outweigh that insignificant bit of trade.

As the crisis has become intensified and the prospects of peace have

waned, the sympathy of the colored, Coptic and Moslem populations of the world for Ethiopia has risen like a tidal wave. In the United States, as August opened, Negro mass meetings were being held, funds raised and Negro soldiers and nurses encouraged to volunteer for service. Indignation meetings have been held in the Antilles. In Transjordan the Emir has given the world an eloquent expression of Arab sympathy with the Ethiopians, and a blistering excoriation of Italian greed and ruthlessness. The Coptic Patriarch in Alexandria on July 28 called a meeting of the Coptic Community Council to discuss measures for showing sympathy for the Ethiopian Copts.

In Turkey, which remembers how Italy took Tripoli from the old Turkish Empire, expressions of anger are also loud and frequent. The Turks are aware that for years only their own military strength has kept the Italians from attempting to seize part of Anatolia. The Arabs of Northern Africa, recalling the atrocities of which Italy was accused in repressing Tripolitan insurrection, have expressed the same sentiment.

From French Senegal to British Zululand and Portuguese Angola the native races of Africa are learning of the Italian threat and showing resentment. Even in far-off India and Indo-China there may be repercussions. Is this war, the natives will ask, another chapter in the eternal subjection of the colored races to the whites?

It was doubtless not without thought of Negro feeling that President Roosevelt declared on Aug. 1 "the hope of the people and the government of the United States" that the League might find an "amicable solution" of the dispute. That same day Sir Samuel Hoare, British Foreign

Secretary, made a speech in the House of Commons that went distinctly beyond his assertion of July 11 that the war would be needless and unjustifiable. He said in effect that it would be criminal. For generations, he pointed out, Great Britain and France had striven to lessen the friction between the white and colored races of the globe. "A war that claimed to be a war between the white and black races" might well, he thought, lead to "a formidable unsettlement of the great colored races of the world." This was a pointed rebuke to Mussolini for the speeches in which he has insulted the Ethiopians as "barbarians" and "savages." But the speech was not intended chiefly for Italy, where it evoked the inevitable chorus of protests from the parrot-press. It was aimed at France, which has as large a stake as Great Britain in allaying discontent among the dark-skinned peoples of Africa and Asia.

When Sir Samuel Hoare spoke, the meeting of the League Council had just begun (July 31) in Geneva; but as we have said, it was a singularly futile meeting. It was made necessary because the Italo-Ethiopian Conciliation Commission, which on June 25 had begun work at Scheveningen in the Netherlands, had been forced to give up its efforts as a bad job. The two Italian members had refused to accept any evidence as to the Walwal incident which bore upon the position of the boundary lines—which brought out, that is, the fact that Walwal is sixty miles inside Ethiopian territory and that the Italian patrol had no business there whatever. When the four members failed to appoint a fifth as arbitrator, M. Avenol, Secretary General of the League, had to take action.

A hasty effort was made in advance of the Council meeting to bring about a united policy on the part of Great Britain, France and Italy, but this was impossible. The deliberations of the Council were marked by confusion and cross-purposes. France stood rather by Italy than Great Britain. Indeed, it is a question how far, at the time of the Franco-Italian rapprochement last Winter, M. Laval may not have pledged the support of the French Government in Ethiopia in return for Italian support of France against Germany.

There was some force in the Italian contention that the League might easily avert an Ethiopian war by taking just one step—by reopening the whole question of African mandates, and parceling them out more equitably. But that would involve a reconsideration of Germany's claims to colonial territory. It would be far too serious and dangerous a step to take at this moment, even if the great beneficiaries of the post-war settlement in Africa would consent to it.

In the end the Council took the only feasible and sensible course. At its meeting on Aug. 3 it voted two resolutions. The arbitration of the Walwal incident was to proceed and, if differences between the two nations were not settled, the Council was to meet again on Sept. 4 for a general examination of all aspects of the quarrel. It was understood that meanwhile the three powers—Britain, France and Italy—would attempt to reach an adjustment. They are bound by a treaty of 1906 to protect the independence of Ethiopia, but Italy has semi-officially announced that she holds this treaty obsolete and void. The smaller nations of the League naturally murmured at the feebleness of its policy. But the League is feeble, and if it attempted

to play the part of a strong man it would quickly collapse. The question is not one, after all, that a large group of nations can settle in the public forum of Geneva. It can be settled, if at all, only by the back-stage conversations of a few leading statesmen (or so-called statesmen) of Europe.

It is inconceivable that any settlement can be arranged which will not take the form of a huge reward to Mussolini for his adventure. Every one will deplore the fact that international racketeering of this sort must be crowned by material gains. It is equally regrettable to think that Mussolini's impudent swagger and ineffable complacency, his powers for mischief and his inclination thereto, will be accentuated by the roars of applause he will receive in Italy.

Doubtless millions of people in the English-speaking world have lately indulged in one of those day-dreams which are the product of wishful thinking. They have had a vision of Great Britain, which now holds massed at Malta the most powerful Mediterranean fleet in her history, suddenly sealing the Suez Canal and bidding Mussolini to assume a humbler tone. Unhappily, such things are not done. It is not for Great Britain to make mortal enemies and throw Italy into the arms of Germany in that way. In one fashion or another the Italian dictator, the hero of Corfu, seems certain to have his way and his gains in territory.

But it is not well for other nations to be too self-righteous in their attitude toward Italy. The powers that have all the territory they want—Great Britain, France, the United States, the Soviet Union—find it easy to live on a higher moral level than the hungry powers like Japan, Germany and Italy. If the spoliation of

Germany at the close of the World War had been less complete and if the division of the spoils had been a little fairer, British and French critics would have more right to throw a stone in the direction of Rome. If our own sacrifices for world peace, our willingness to run risks, had been a little larger, we would have more right to join in the stone-throwing.

The present course of Italy, like the recent course of Germany, is one of the penalties the world is paying for

the folly and greed of 1918-19. A little healthy realization of that fact might induce the British and French leaders, as they try to decide what bribe to offer Mussolini to call off the dogs of war, to make fairly large concessions at their own expense and not call upon Ethiopia to do all the surrendering. The two nations which hold respectively 13,227,000 and 5,657,000 square miles in colonial empires could perhaps yield a little without greatly missing it.

II—The Risks of the Game

By IGNATIUS PHAYRE*

"THERE can be no turning back!" shouted Mussolini to his Black Shirts from the top of a gun-carriage at Eboi. The die is cast in the gamble for Ethiopia.

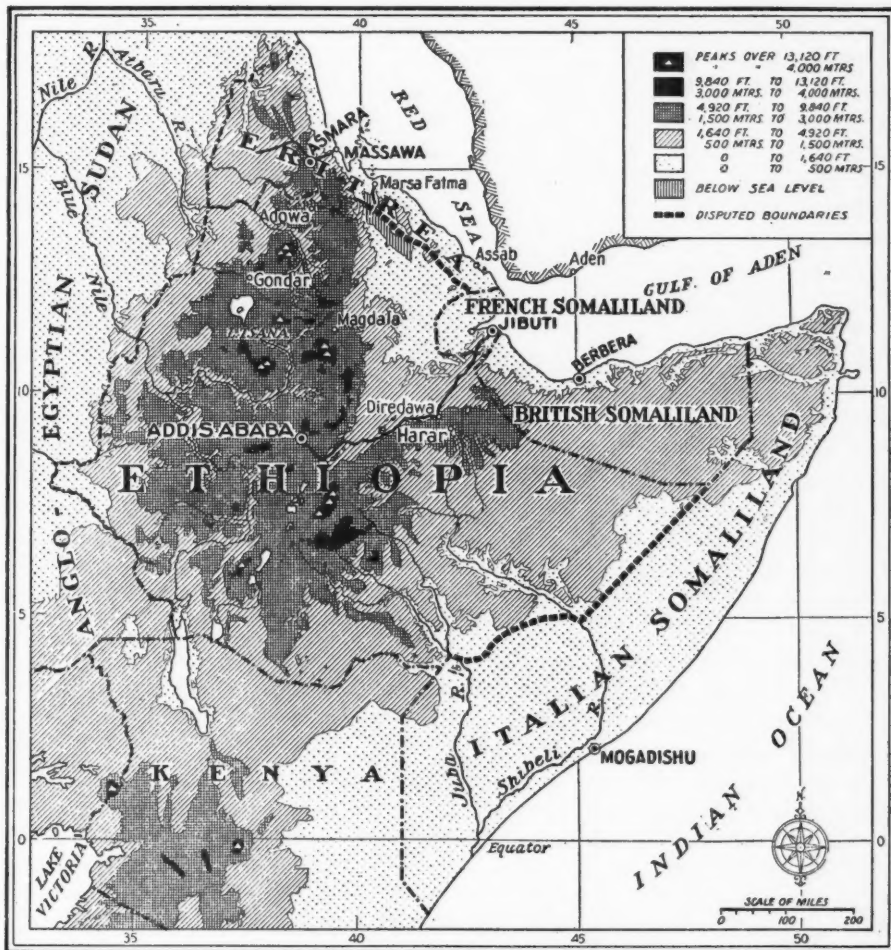
Past Italian defeats at the hands of the Ethiopians—at Dogali and Adowa in 1896—were due, so Mussolini insists, "to the enormous disparity of forces" engaged in those reckless battles. But in this present reckoning Italy will take no chances. Mussolini promises that modern weapons in overwhelming number will be brought to bear upon that extraordinary rock-fortress that is Ethiopia—that fortress which, as grim old Menelik told the powers in 1901, "has withstood all attacks as a Christian island in a sea of pagans for these 1,400 years."

What Mussolini has undertaken bristles with difficulties. To begin

with, Massawa and Mogadishu, the ports in the Italian colonies of Eritrea and Somaliland, lie 1,500 miles apart, with lifeless and mainly trackless steppes between. Some effort has been made by General Aldo Pelegrini, the director of Italian civil aviation, to link the two by airline from Rome—a service to pass by Tripoli, Benghazi, Tobruk and Alexandria and thence by the Nile Valley to Khartoum, with a sharp bend eastward to Eritrea. But this project is still uncompleted. By water Massawa is 2,500 miles from the homeland, while the Indian Ocean port of Mogadishu is as far again.

Massawa was a primitive town of 12,500 people, sweltering in heat that has been known to reach 130 degrees in the shade, when the first transports landed the advance guard of Italy's expedition. Fresh water was extremely scarce, for no preparations had been made for such a military invasion, and soon tankers were sent to Port Sudan, 350 miles away in Egypt,

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"The Rock-Fortress That Is Ethiopia"

to buy water for the new arrivals. Wells were sunk in haste, but with poor success, for fresh water along Italy's Red Sea belt of 670 miles is usually brackish, nauseous stuff. As water grew more and more in desperate demand, a ration of only two pints a man per day for drinking and washing was allotted—with serious results in sickness and disability. No wonder 3,000 troopers and artisans were returned home in a fortnight!

Nowhere on earth is solar heat so fierce as on this Red Sea littoral. By

day the strongest and bravest of Fascist recruits are apt to wilt and sicken. At night the soldiers and workmen sleep naked on straw mats in the narrow streets, while their fellows unload the troop ships and munition tramps by the light of acetylene flares until a blazing sunrise again stops all labor.

Massawa lacks the trees and flowers and fountains, with other amenities for relief, which the French—so long skilled in African development—have provided in Jibuti, further east on the

Gulf of Aden. Yet even in that "white city" and its hill suburb of Ambouli, Europeans never walk a yard; they use the little *gari*, a light carriage that takes business men right into their own warehouses and stores. In busy Jibuti, by the way—which is Ethiopia's only outlet to the world—not even Minister LaGarde's twenty-five years' toil has made life tolerable for long for the white race.

Apart from malaria and the furnace winds that tear the trees to rags, residents are prone to the peculiar *cafard*, a form of the blues. This lifts in two or three days, but while the spell lasts a victim is liable to reckless outbursts, much as the grief-stricken Malay runs amok with a violence all his own.

These Red Sea lands are no place for Caucasians. Over on the Arabian shore none dwell, and here on the African side of the narrow sea climate and landscape play queer tricks with the white exiles. They soon loathe the eternal sand and stones, the dusty mimosa-scrub under blinding light by day, the night skies that are forever starred, and the stark termite ant hills rising ten or fifteen feet out of the endless steppes that roll like dry seabeds to the far horizons of Ethiopia's vague and lofty citadel.

It has been a tremendous task to house and care for hundreds of thousands of Italian soldiers and workmen in Eritrea, and still more so in Somaliland on the Indian Ocean. On that rock-bound coast you may search in vain for 1,200 miles in quest of any fair haven, even for a tramp steamer. Light Arab dhows of shallow draught and trading-zambouks and sarouks can put into any cove; but at Mogadishu Italy's new armada of invasion must needs roll out at sea, while slow lighters plod to and fro with all things from sectioned houses, field guns

and barrels of petrol to barbed wire and roadmaking engines. Everything must be brought here from Europe's marts or from the workshops and arsenals at home, 5,000 miles beyond this dreary stretch of Africa, whose only human beings are the nomad "milk-and-meat" Somalis who follow the rains—and new grass—with their camels and cattle and goats. Thus Italy's only two ports are the poorest possible bases which an immense twin army could use for simultaneous advance.

Here also are pathless hinterlands as far apart as London and Athens; they yield next to nothing for the most ambitious military project of modern times. For this reason Mussolini has sent out almost as many workers as fighting men. Wooden cantonments have been run up to shelter whole divisions. The timbers for these had to be brought out, and also for the officers' quarters and those of doctors, nurses, mechanics of the air forces, roadmakers and tank brigades. Never has so great a traffic been known through the Suez Canal—that curious monopoly whose directors this year look for a 35 per cent dividend.

Upon Emilio de Bono, High Commissioner for Eritrea, falls the humdrum but vital business of food and labor, communications, hospitals and supplies of all sorts from overseas, including munitions of war. From Yugoslavia come timber, horses, beef, poultry, eggs and pigs. Sicily's lemons have been commandeered for this thirsty field of action. Up from Mombasa come shipments of bullocks to Mogadishu at the rate of over 1,000 a month. Kenya and Uganda with the Anglo-Egyptian Sudan and Egypt itself, as well as Europe and the United States, profit from General de Bono's endless requisitions. Every-

thing is needed, from dredgers, cranes and dock gear, to artesian well tubes, ice-making plants, surgical instruments and drugs. Mules are bought in Cyprus and the isles; asphalt in Suez, motor trucks in Port Said and Alexandria. Skilled labor—at high pay—has been sought in Cairo and even so far afield as the Dutch East Indies, in the hope of securing road hands and other helpers who are acclimated to outdoor work in torrid heat.

It is thus a fascinating drama that is scheduled to open when the deluge of the southwest monsoon ceases in late September. No time must be lost in those widely Sundered ports where accommodation is so scanty and where wasting diseases—virulent malarial fevers, heat-stroke, dysentery and even cholera—can raise havoc among the most robust of troops and labor units just out from Europe.

While Commander-in-Chief Rodolfo Graziani urges his officers to gird themselves for a swift attack, so as to end the war almost as soon as it begins—at any rate in its first economic objective—disaffected lowland chiefs of the Somali and Danakil are to be bought over with cash and rifles, then linked up with Italy's triple advance. Speed—this veteran of the Senussi wars tells his waiting troops—is the very essence of a campaign across the lowland "moats" that lie between them and Ethiopia proper. This, as the General admits, is a military terrain to tax the genius of a Clausewitz or a Napoleon.

Graziani has fought primitive people before. For thirteen years he matched his wits against the ruthless fanatics of the Libyan sands and oases. He outwitted them all at last, paralyzing their mounted raids by the use of barbed wire entanglements

which he laid by the hundred miles at a cost, for this stuff alone, of over 20,000,000 lire. That desert conquest earned for the tireless—and scholarly—Graziani the highest praise from Emilio de Bono, who was then his chief in the Colonial Ministry in Rome.

Graziani and de Bono are now united in joint control of the Ethiopian reckoning—the one as civil administrator, the other as strategist—in an assault upon an empire which nature herself, in the most freakish of her geological moods, seems to defend impregnably. A savage and broken uplift is this Ethiopia. From its high tableland snow peaks sweep up to 12,000 and even 15,000 feet—range after range, with profound ravines and gorges, with bridgeless torrents and vast savannahs, a wild region where guerrilla bands, armed with modern rifles, lurk.

Ethiopian soldiers, under the leadership of the ruling Amharas, are incredibly mobile. They do not march so much as run. No commissariat hampers these sinewy Shoans, Gallas and Tigreans, who have slaves to attend them. Their mules can follow where any man may get a foothold on the rocks. In Italy's last invasion from Eritrea, Menelik's hordes, 90,000 strong, had an uncanny way of appearing out of the blue, then vanishing again as quickly, to break up into pickets, or scatter at an order from bold Ras Makonnen. As Commander-in-Chief of Ethiopia's army, on that fateful day in the Abu Garima steeps above the little town of Adowa, south of Italy's colonial border, Ras Makonnen had surveyed every yard of the ground upon which he was to offer General Baratieri the pitched battle which so utterly humbled the flag of Savoy, and later on made Menelik II

the most courted monarch that has yet reigned in Africa.

Vastly different are the military factors of today, as a glance at General Graziani's *Instructions for Employing Large Units* will show. In this booklet, Italy's commander hastens to reassure subordinates of all ranks, pointing out to them that ultra-modern weapons—mechanical, ballistic, aerial and chemical—have made mass-offensives of the Ethiopians impossible. Graziani's campaign has been planned upon new maps, and every possible move has been calculated and provided for. So his own senior officers, the Commander-in-Chief is sure, can impose their will upon the enemy, and "infuse their own units with intuitive passion, and the capacity to grasp the scope and drift of any given battle."

Meanwhile, that grave and cultured little Semite, Haile Selassie, prepares for the storm in the strangest of all capitals. Never have so many white faces been seen in Addis Ababa, including war correspondents from London, Paris, Rome and New York. Long since the ramshackle Imperial Hotel has filled up, with "Carlton" prices for a bed in a choky bathroom, and horse-hire or "white" meals at the Hotel de France quoted at royal rates. Polyglot salesmen of arms and munitions besiege the Affa Negus (or "Voice of the King"); he is that stocky Amharan noble, Belatan Gayta Herouy, the Prime Minister.

Government offices on the hill are as busy as hives in summertime. The Belgian and Swedish officers who drill the "New Army" interview volunteers from many lands; some of these landed at Jibuti at their own expense. I saw smart Russians turned down, Irishmen accepted, American fliers put off "till we get delivery of air-

craft we have on order." It is amazing how men flock from all parts to a war so weird and colorful as this one.

I spoke with adventurers who were penniless after paying a freight-car fare on the one and only train that winds and groans and sways up to Addis Ababa from the Red Sea coast. This is a costly five-day journey, while during the rains it may take a week for the 490 miles. It zigzags at first through savage desert, then around hills and up through thorny jungle, with the fussy French metre-gauge engine "resting" every night, as though worn out by the panting haul and its crowd of uproarious passengers—many of them clinging to the footboards and all but dragged off by overhanging trees.

Sprawling Addis seems more than ever confused, though with more method in its sheet-iron scurry and tumult than foreign observers imagine. The one industry today is arming for defense of the Empire. If in peace time the Emperor's office hours were from seven in the morning until ten at night, of late His Imperial Majesty and his Ministers outslave any of Ethiopia's 3,000,000 serfs. In particular, the War Secretary—Ras Mulugueta—never seems to sleep. Ethiopia's best strategist, Ras Kassa, leads the army encamped to the north of the Blue Nile, expecting attack from Eritrea, whence Italy's main advance is to be made.

What forces can the Emperor oppose to Graziani's two or three armies? Of modern troops, perhaps 60,000 officers and men, all well armed and knowing the lay of the land as they do their own rifles. Artillery is lacking—though at least three full batteries of French 75's are on hand. These, and an odd array of elephant-

guns, about 100 old pieces, a few mortars, aircraft and tanks, with some 400 machine guns and as many more automatic rifles, make up Ethiopia's heavier armament. It appears forlorn, but every week adds more to it as licenses abroad are put through and munitions from six or eight nations are dumped on the quays at Jibuti and loaded on the train.

Now what are the chances of Italian success? Mussolini himself is confident. "All Italy," he vowed at Eholi, "is behind her sons who are leaving for Africa. The entire resources of the nation are committed to this task, and the Duce declares they must prevail over a feudal slave-State which, with the best intentions of reform under the Emperor, Haile Selassie, can never within his lifetime, or that of the Crown Prince, be brought abreast of modern civilization. Mussolini contends that to lift Ethiopia out of the rut of a thousand years is a mandate that can be none but Italy's!

Yet there are some less confident. "Even with the best of luck, Graziani will have no walk-over," a veteran French colonel remarked to me one night in a hill café above Jibuti. "His main advance may be made from Massawa south toward Magdala, so as to bring on a general action. This he could combine with a flanking move from the south corner of Eritrea on the rear of any defending forces. For just there are roads fit for mechanized units. Such a double threat might be linked with a third advance from Somalia directed upon the walled city of Harar, which is the capital of the Emperor's own province.

"All hazards depend on whether Italy's objective is 'limited' or 'unlimited.' Does she mean first to secure a strategic-economic slice—for the Massawa-Mogadishu railway—or

to conquer all Ethiopia in one continuous hammering? The first aim is difficult enough, as the Spaniards found to their bitter cost in the calamitous Battle of Annual in their own Moorish zone. There they lost an army of 20,000 men in 1921, together with all its artillery and stores, to that wily Arab chieftain Abd-el-Krim.

"But I can't believe the Italians hope to smother the empire in a single effort. The natural barriers are appalling, disasters only too likely in a tropical Switzerland ringed about by waterless deserts far below its craggy uplift. Why, in places the central plateau drops sheer for 4,000 feet!

"I don't know which of the two Italian armies would have the more dangerous job. The Simean highlands, that block the way from Eritrea, would tax the genius of any battle-planner."

"But what of Graziani's aircraft?" I put in. "One hears of 1,000 planes."

"We tried them in Morocco," was the brusque reply. "Aye—and tanks, too, with motorized 'heavies' and all the newest gear. We found these a positive disadvantage. Such tools are well enough in a civilized war, where you have a compact enemy before you, and targets like cities and towns, great arsenals and docks and factories all within handy radius. But what had we in those bare brown Berber hills, whether up there in the Riff, or down south in the Great Atlas ranges? Mark you, we of France thought we knew the game, whereas the Italians have everything to learn in a military terrain which is far more forbidding. So many climates and zones, so many warrior races armed and guided by the brainy Amharas—who are no more Negroes than were our own

clever Arab foes. Besides, we were much closer to our home bases; we're a far wealthier nation, too, and could stand the drain of money and men, year after year.

"In Morocco," this French expert went on, "elaborate weapons had no scope; we had nothing to bomb or bombard. The cost of conquest was enormous when we reckoned the gain in miles. Modern tactics only made targets of us for daring and skillful snipers who would not fight our way, but often bent us to their own elusive will! At last we learned from the enemy. Our bombing planes became ambulances. Or we used them as scouts, or droppers of munitions and stores into hard-pressed forts and blockhouses in the hills. It was only by employing 100 men or more against each scattered dozen of the Berbers that we were at length able to swamp their mobile defense.

"In my opinion," the French veteran concluded, "Ethiopia will prove a far tougher fight than was ours in Al Moghrab el Aksa. And we were many years on that job, despite our experience and varied efforts. I fancy Haile Selassie and his Rases can put 1,000,000 gunmen of all sorts into a very tangled field that is four times Great Britain's area. There you have Rodolfo Graziani's task, with his general headquarters 5,000 miles away at that black oak table in the Sala de Mappamondo of the Duce's lovely old palace in the Piazza de Venezia.

"There is not a soldier in all Europe or America who will not follow that bold fighter's progress with professional interest, as he walks the wire up to Addis Ababa—that is, if the imperial *guebeh* on the eucalyptus hill is to be his victorious goal."

"So Italy has first to face a modernized army," I remarked, "and after

that the whole black empire in arms? But may not their resistance collapse in terror?"

"Anything can happen—and to either side. But the Ethiopians have already smashed one Italian invasion; rightly or wrongly, they feel they can do it again. At least 500,000 men are ready there, with hosts more in reserve, whether good or bad. Menelik's army in 1896 had queer tricks of its own, with ugly surprises in store for orthodox white troops. At the top came a Ras, or field marshal. Next to him was the Dedjazmatch, or Chief of the Gate; he ranked as a general. A Fitaurari, Leader of the Advance Guard, equaled our colonel. Next in rank was the Kognazmatch, or Chief of the Right Column; he was a sort of commandant. Lastly, they had his colleague, the Gheruazmatch, on the left, and the Balamberas, or Fortress Chief, who acted as lieutenant, or junior officer, in the thick of a bloody scrimmage.

"All of them, from the Emperor down, must share the shock; otherwise the rank and file may kill them as cowards where they stand. No brass hats in Ethiopia's war code, no soft staff jobs in the rear; but every man in the firing line where there's a chance of a decisive stroke—as against poor Baratieri long ago, outside Adowa. Otherwise, they scatter and lie in wait. Cunning fellows and dour fighters are these, with nature herself in league as their dreadful ally. None of us envy Rodolfo Graziani; all of us are looking at him! No doubt he'll strike hard or hold off, as events may fall."

"And the result? Do you see that out here?"

"I do not. Nor can any living man foresee it. Like the religion of Rabelais it remains 'a great perhaps'."

The Aga Khan: Moslem Pontiff

By ROBERT L. BAKER

AT a roadside shrine in Syria the French novelist, Maurice Barrès, found a group of Moslems worshipping a richly framed portrait. Upon examining it he exclaimed: "Why, I recognize him. It is none other than the Aga Khan of the Ritz!" Turning to the priest in charge he asked: "But are you sure that he is a god? I have often met him in Paris and at the races." The priest replied with the assurance of complete devotion: "Why shouldn't he go to Paris, if he wishes, and why shouldn't a god enjoy horse racing?"

The incident gives a hint of the many-sided character of the personage whom his followers formally address as Moulana Hazar Imam, Sarkar Saheb His Highness Sir Aga Sultan Mohammed Shah Aga Khan. East of Suez the Aga Khan is a divinity to several hundred thousand Khoja Mohammedans. He is the pope of millions of Ismailian Mohammedans and the spiritual leader of the great Shiah sect. And by virtue of his direct descent from the Prophet, abetted by inclination, he occasionally ventures to speak for the 250,000,000 souls who comprise Islam.

In Europe, where the Aga Khan spends eight months of the year, presumably for reasons of health, he is renowned for his affluence, his great success on the turf, his free spending and his beautiful French wife. He is a well-known figure at the fashionable spas, at the gambling casinos, at prizefights. In the early years of the

century his susceptibility to a pretty face or figure was well known, but today, a man of 58, he enjoys with impeccable dignity the pleasures of European high society.

It would fall far short of the truth to describe the Aga Khan as inconsistent in assuming the rôle of a Moslem pope in India and enjoying himself as a pleasure-seeker in Europe. His activities have not been confined to religion, nor have they been limited to amusement. For more than a quarter century—until a few months ago—the Aga Khan was the political leader and spokesman of India's 80,000,000 Moslems, a responsibility that he took very seriously. He founded the Moslem League to develop among his co-religionists a sense of political community that would enable them to protect themselves against the overwhelming Hindu majority, but he also sought peaceful relations between the two great faiths. He took the initiative in urging social reforms not only for Moslems but for India generally. For more than twenty-five years he has been a tremendously important factor in Indian politics. A sincere friend of Great Britain, and a believer that without British rule India would lapse into civil war and chaos, he has been a pillar of support to the British Raj.

Europe, though knowing the Aga Khan best as a sportsman, has also seen him at work as a statesman. He was chairman of the British India delegation to the Round-Table Conferences in London in 1930-31, where he

showed great skill in devising compromises. He represented India at the Disarmament Conference in 1932 and headed the Indian delegation at the League of Nations Assembly in 1932 and 1934. In his book, *India in Transition*, which appeared in 1918, he set forth the arguments for a Federal Constitution, arguments that have influenced considerably Great Britain's post-war efforts to solve the problem of India's status.

The Aga Khan's early education was calculated to prepare him for his position as Imam of the Ismailian Mohammedans. He was drilled in the Koran and Moslem theology and schooled in the history, literature and philosophy of Persia and India. Later, under English tutors, he was taught the languages and civilization of the West. Unlike most princelings, the little Aga received corporal punishment when delinquent in his studies. Once an old family servant expostulated to his mother that the boy's health might suffer from the canings, but the Princess Ali Shah replied that little Mohammed would be better off dead than an ignoramus. When the tutors had finished their work the boy was sent to Eton, then to Cambridge, from which he was graduated and from which he has since received the honorary degree of Doctor of Laws.

Although he was only eight years old when his father, the first Aga Khan, died, he at once assumed his full responsibilities as Imam. While still a youth, he lectured on Ismailian theology to his followers. One incident of those early years shows that he had profited from his contact with the West. A smallpox epidemic was raging in Western India and the Aga Khan's followers, refusing to be vaccinated, were dying in great numbers. But the Aga Khan, then under 20,

called his people together in Bombay, had himself inoculated before them, and instructed them to submit to the needle at a small hospital which he had established. He then journeyed about the stricken region and at each stopping-place assembled the Khojas, Ismailians and Shiahs and had himself revaccinated in their presence.

As a young man the Aga Khan traveled widely, often strictly in the line of duty—tedious visits to the scattered colonies of his followers in Zanzibar, Persia, along the Arabian coast or in the East Indies. More pleasurable were his travels in the Occident. He was a guest of the British Empire at the coronation of King Edward VII. He crossed the Atlantic and is said to have advised President Theodore Roosevelt in regard to the Moslem problem in the Philippines. In Berlin he won valuable concessions from the Kaiser in behalf of his sect in German East Africa, and, doubtless to keep him in good humor, he was given the Prussian Order of the Royal Crown, First Class. He also used his influence in London to improve the lot of Indians who had migrated to British possessions in Africa, a cause that was being fought in South Africa by a struggling young lawyer named Mohandas Karamchand Gandhi.

The most significant of those early visits was perhaps that to Constantinople, where the Aga Khan discussed the problems of Islam with the Caliph-Sultan, Abdul Hamid. This meeting between the forty-first Unrevealed Imam of the heretical Ismailians and the Ottoman Sultan was compared to a visit of the Archbishop of Canterbury to the Pope. That the Aga Khan should voluntarily take such a step was an indication of his tolerance and freedom from fanaticism. Lord Cromer, who saw little

hope for the Pan-Islamic movement, declared that the Aga Khan was the best equipped of all Moslem leaders to reconcile the seventy-odd sects of Islam.

Those sects have not, in fact, been reconciled by the Aga Khan or by any one else. There is no longer a Caliph, nor any universally recognized spokesman for all or even a quarter of the 250,000,000 Moslems. If, then, the Aga Khan is rightly called the greatest living Moslem statesman, it is because he alone among the leaders of the faith can see the problems of Islam in their proper perspective, without sectarian prejudice, and can make his voice heard. It is probably true that he represents a larger number of the followers of the Prophet than any other leader, but he certainly presumes when he speaks for all Moslems, a majority of whom must regard him as a heretic. At certain times, and for certain specific causes, the Aga Khan's voice has been truly that of Islam, as when he hailed Republican Turkey's victory in the Treaty of Lausanne. It was again the voice of Islam when, in 1924, he warned Turkey against setting up the puppet Caliphate of Abdul Medjid and against abolishing the office.

The Aga Khan speaks absolutely for the Ismailians, who believe that Ismail was the seventh and last revealed Imam, or infallible pontiff; the Aga Khan is the forty-first in descent by the direct male line from Ismail. His word is likewise supreme among the Khojas, a wealthy sub-sect of the Ismailians. As the forty-seventh in direct descent from Mohammed's daughter Fatima and Ali, through their second son Hussein, he is the natural but not always recognized head of the Shiahs, the lesser of the two greatest factions in Islam.

Over those who recognize his authority as Imam the Aga Khan's power is wholly spiritual, but none the less effective. He may excommunicate, a very serious punishment in India, because it deprives the culprit of all community rights and even of religious burial. And for certain offenses he may curse for several generations, a fate regarded by the Ismailian as worse than death itself.

Among the more fanatical Khojas the Aga Khan is revered as a god, and they make their haj, or pilgrimage, not to Mecca but to Aga Hall in Bombay. Some years ago a group of Khoja intellectuals urged him to deny that he possessed divinity, but he did nothing to disturb the belief. The Ismailians have often been accused of justifying immoral practices, though the charge has never been proved. It can be said, however, that they are among the most tolerant of Moslem sects, and this fact, together with the strict discipline which is maintained by the Aga Khan's hierarchy, go far to explain their lack of concern over their Imam's luxurious habits when abroad. Nothing he might do, short of apostasy, can really hurt his position. And whatever he does, there still flows in his veins the blood of Ismail and of the Prophet.

On two occasions the Aga Khan has taken pains to soothe the feelings of his followers, and both have been connected with his matrimonial ventures. Two of his three wives—his Begums—have been European. His first foreign wife, an Italian girl, became a Moslem before the wedding. Aly Khan, his heir, was born of this union. His present Begum, née Andrée Caron, refused to renounce her Roman Catholic faith, but the Aga Khan was not daunted. He explained to his followers that the Koran permits mar-

riage to infidel women provided they are Scripturaries, that is, Jews and Christians who are believers in "the Book." He was also careful to have a marriage performed according to Moslem rites by two high Imams, in addition to the French civil ceremony. More explanation was necessary when this French Catholic Begum presented him with a son. The Aga Khan largely forestalled criticism by giving a great banquet in Bombay at which 15,000 of his followers were assured that everything was strictly according to the Koran.

Even when in Europe the Aga Khan is said to be meticulous in the performance of his religious duties. A learned Imam dwells under his roof to advise him and to read and comment on passages from the Koran. Prayers are invariably said at the appointed hours, and whether in Europe or in India he is always accessible at a definite hour each day to even the humblest of his followers.

Popular writers have accused the Aga Khan of bleeding his people in order to finance his horse-racing, jewel-buying and so forth, but complaints from the alleged victims have been rare. The Ismailians are obliged to contribute 2 per cent of their incomes every year through the Aga Khan's agents, while the Khojas must surrender 10 per cent. In addition to these regular dues, special levies are occasionally made, indulgences are sold and countless gifts are received. The total amount is enormous, of course, but while nominally for the Aga Khan, he takes only a fraction of it. After the heavy overhead of the sect is provided for, most of the remainder is allowed to accumulate in the treasury in Bombay against such emergencies as famine, plague, flood and earthquake, when the Aga Khan

must provide immediate and effective relief.

Estimates of his income range from \$600,000 a year to more than \$10,000,000. As he does not broadcast the state of his finances one guess is about as good as another. He is certainly very rich. He inherited a large fortune from his father and has invested his funds so shrewdly that his income from business ventures is probably many times that from his sect. But a part of his income as Imam is of special interest. At the end of each solar year a delegation of Ismailian elders comes to him, wherever he may be, equipped with a formidable set of scales and a large amount of gold bullion. His weight, now a matter of 220 pounds, is exactly balanced with gold, which he receives for his personal use. The elders thank him for his services and in return for their gift of about \$92,000 respectfully ask for several barrels of the Imam's bath-water, which is supposed to possess miraculous therapeutic qualities. At \$5 a vial it brings awed delight to Ismailians from Cape Town to Samarkand, from Beirut to Mindanao.

The Aga Khan makes little if anything from the turf, though he has had two Derby winners, Blenheim in 1930 and Bahram, Blenheim's son, in 1935, and has several times led the English and French turf in winnings. His stable, now valued at \$5,000,000, is probably the finest in the world, but costs a great deal to maintain even though the Aga Khan does not let sentiment interfere in its management. When one of the best horsemen in India asked if he might ride a famous winner, the Aga Khan replied: "Riding thoroughbred racehorses is a business—the business of a jockey."

Perhaps most of the Aga's wealth is in jewels, a passion for which he

shares with other Indian princes. His collection, it is said, is surpassed in value only by that of the Nizam of Hyderabad. Major Fitzpatrick, an English expert, is reported to have appraised the Aga Khan's rubies, his favorite gems, at \$250,000,000.

One would not suspect from the Aga Khan's appearance that he has been a lifelong devotee of physical exercise. If strenuous recreation has not restrained his embonpoint, it is because its effects have been negated by rich food and half-hearted dieting. Boxing, football, running, golf and tennis have been among his favorite sports. Somewhat grudgingly he approves of walking as exercise, provided it is for an hour or more, and is at a good pace, "say between four and five miles an hour."

This enthusiasm for recreation is not without reason. "People in India," he says, "Indians as well as Europeans, are apt to become effete and played out. The only way to counteract this is by stimulating a healthy interest in sport. As my example affects many thousands of people, I consider it to be my duty to encourage sport by example and precept. You may have a healthy mind, but it will not last long without healthy recreation. I firmly believe that the encouragement of sport is a patriotic duty as far as India is concerned." Sport, he believes, can do much to lower the toll taken in India by diabetes, the disease that has carried off many brilliant Indians in their prime.

The Aga Khan's encouragement of sport has not been confined to example and precept, for he has given recreation centres and playing fields to many Ismailian communities. More than thirty years ago he fostered an interest in field hockey in India by offering trophies, and it is now the most popular game in the country. At

the last Olympic Games the Indian team overwhelmed all opponents by one-sided scores. He has also promoted an interest in civil aviation by giving large money prizes to the first Indians to make solo flights from England to India and from India to Cape Town.

Some years ago the Aga Khan, becoming concerned over India's lack of wholesome amusement, sponsored a native motion-picture industry that would produce films better suited to India's needs than the Hollywood and Elstree products. Since then the industry has grown so rapidly that India should soon be self-sufficing.

Concern for the welfare of India, and for that of his co-religionists, has led the Aga Khan into strange paths for one of his inheritance. In no other religion does tradition play a greater part than in Mohammedanism; its leaders have usually fought reforms with all their might. Yet the Aga Khan, whose pontifical security would seem to lie in the ignorance and unquestioning faith of his followers, has all his life been a reformer. And it is notable that his efforts have been directed not at minor but at fundamental changes.

His personality, ability and broad-mindedness made such an impression upon Moslem leaders of all sects that at 25 he was chosen to preside over the All-Moslem Educational Conference. In a very serious address for so young a man he examined the causes of the moral and intellectual degradation of Islam. Too much time and energy, he declared, were spent in meaningless prayers and in pilgrimages. It was necessary to break through "the ancient barriers of prejudice, lethargy and false Moslem ideals."

The young Aga showed no little courage in attacking some of the traditional practices of Indian Moslems,

such as the celebration of "martyrdoms long since past, which but help to keep alive those terrible sectarian differences which are one of the misfortunes of Islam." He condemned the segregation of women and denied that there was anything in the Koran or in the first two centuries of Islam to justify it. Education alone, asserted the Aga Khan, could overcome these evils, and complaining of the lack of schools at which Moslem boys and girls could be taught modern science as well as their faith, he pointed to education as the only way to correct the disproportion in material prosperity between Hindus and Moslems.

The Aga Khan has worked ever since for better educational facilities, for Indians generally as well as for his own people. Education and social reform were his constant aim when he served on the Viceroy's Council, and he was responsible for many improvements. He took great pride in the Moslem college of Aligarh, which was raised to the status of a university through his efforts. He conceived of it as a Moslem Oxford, to which all Moslem countries could send their best students. In addition to its function of providing a modern scientific education, he believed that its scholars should make the best of Moslem learning available to the West. Though his own gifts to Aligarh were heavy, he is said to have hounded the Moslem princes continually for donations.

But the Aga Khan's reforming zeal has not been confined to India. Speaking over the radio in 1931 on the subject, "What I Would Do If I Were World Dictator," he found the Occident far from perfect. As dictator he would make everybody take part in some sport, and there would be world-wide compulsory education for both sexes

up to the age of 18 or 20. Western students would be obliged to learn at least one Eastern language and Eastern students at least one Western tongue.

Turning to politics, he declared that conditions in Europe were worse than they were at the beginning of the century. Given the power of dictator, he would abolish artificial frontiers and redivide the world on the basis of common language and culture. The British Foreign Office must have been pained when the distinguished Aga Khan announced that he would unite Germany and Austria and restore to Hungary the Hungarian-speaking districts which the Treaty of Trianon gave to her neighbors. He would, moreover, do away with the present national armies and navies and create in their place an international police force to back up the decisions of a World Parliament, which he would substitute for the "present unsatisfactory League of Nations." His critical views of the League were stated to its face last year when he told the Assembly that the League "had been too Occidental, too representative of one race and creed."

That the Aga Khan bows to no civilian listed in the British *Who's Who* in the number of his honors and decorations indicates his usefulness to Great Britain in Indian and Moslem affairs. Besides helping to curb Moslem fanaticism in India for nearly four decades, his support has been most valuable in time of crisis. As far back as 1910 he quieted the excitement of Moslem India during Turkey's disastrous wars with Italy and subsequently with her Balkan neighbors. At the outbreak of the World War the Aga Khan was visiting his followers in Zanzibar. Immediately he cabled Ismailian leaders throughout the Mid-

dle East to support the British. Later, when Turkey entered the war on the side of the Central Powers, he did a great deal to counteract the Sultan's Holy War by addressing a manifesto to the Moslem world assuring it of the good intentions of Great Britain and her allies toward Islam. All through the war he pressed Indian Moslems to give unstinted loyalty to the Allied cause. After the Armistice, his services were rewarded with a salute of eleven guns, the only Indian not a temporal prince to be so honored.

With the end of the war the Aga Khan became more critical of British rule, and called for "a radical change of policy, a new angle of vision, a final break with government deriving authority wholly from without, and the commencement from the lowest to the highest stage of full cooperation with the people." At home he urged more rapid political reform. Abroad he opposed Britain's pro-Greek and anti-Turkish policy. And wherever he found Moslem interests threatened by British policy he expostulated and warned. Yet he could not throw off his long association with the British and their ideas. When the next real crisis arose he backed the British. He withdrew the Moslems from Gandhi's campaign of "passive resistance," and stood out for constitutional reform by peaceful means, a typically English "gradualist" policy. Thus he broke up a formidable Hindu-Moslem front.

The Aga Khan is not an aggressive leader; rather is he one who weighs carefully the future consequences of political measures. Because of his long experience with diverse faiths and points of view he realizes that the solutions of great problems affecting hundreds of millions of human beings are never simple. Thus he appears at

times to lack decisiveness. So, too, whenever Britain has made concessions to India—in 1908, in 1919, in 1935—the Aga Khan has advised the Moslems to accept and demonstrate that they were prepared for still greater measures of responsibility. Though far from pleased with the latest of British Constitutions for India, he calls it "better than the present one. Hence I am going to advise my people to accept it, work it and make a success of it."

But Moslem India, which he struggled so long to make politically self-conscious, has gone ahead of him and has become intoxicated with Swaraj doctrines. Because of his moderation and pro-British record the extremists have undermined his position and he is no longer the political leader of all Indian Moslems.

The Aga Khan lives so many lives that his political eclipse in India, for it is probably no more than an eclipse, seems to have disturbed him not at all. Returning to England he has watched his green and chocolate colors dominate the racing season. He has heard his toast proposed by the King at the Derby banquet of the exclusive Jockey Club, of which he is the first Oriental member.

How describe the Aga Khan? Demigod, pontiff, statesman, diplomat, orator, social reformer, Croesus, linguist, sportsman, bon vivant and erstwhile playboy. Tonight he is a divinity dressed in evening clothes and top hat; tomorrow morning a fat pope punching the bag! Englishmen have given him the rarest title they confer on Orientals—that of gentleman. Bridging East and West as no one else has done, the Aga Khan is the most cosmopolitan and colorful personage of our time.

What Is International Justice?

By ROBERT MCELROY*

TALLEYRAND once asked the Duke of Wellington whether he knew of a country where a weary old Frenchman could find a place to spend his remaining days in peace. "By God, Prince, I don't," was the definite reply. Today the descendants of those who fought with Wellington, or schemed with Talleyrand, are asking that same question, only to receive the same answer.

The searcher after peace, justice and security may cross the seas, scale the mountains and traverse the dusty plains, but always he will find what he has left behind—confusion, triumphant injustice and greed and fear, which are stronger than the love of peace. Men do not fight because they prefer conflict to peace, but because they want something more than they want peace, or fear something more than they fear war. Therefore the road to peace lies not in the signing of agreements to abstain from conflict, but in the discovery of better methods of securing the things for which men would otherwise fight.

When we study the declarations of present-day leaders of nations, the few who think for the many, we find clearly set forth a list of things for which their respective nations are willing to fight, most of them reasonable when properly understood. Stanley Baldwin announced in Parliament on Nov. 1, 1934: "Not in any circumstances" would the British

"accept a position which placed this country in an inferiority with regard to any air force which Germany might raise in the future." Japan not long ago declared that the 5-5-3 naval ratio, agreed upon at the Washington conference, is "no longer consistent with national dignity." "A Germany within the framework of the European nations," said General Goering recently, "can only be a Germany equal in rights, equal in strength and peacefully constructive." And Hitler, the sole "representative" of the German nation, declared, on May 17, 1933: "Lack of possibilities of existence always has been, and always will be, the source of conflicts between peoples. * * * It is not wise to rob peoples of economic possibilities of existence, without taking into account that the human being is dependent upon them * * * and exists as a factor demanding the right to live." His meaning is clear: If you want international peace, you must allow to every nation conditions that will make peace safe for the peaceful; otherwise, they will cease to be peaceful.

Upon that principle Japan has announced her secession from the League of Nations, preferring the security attained by the illegal annexation of Manchuria to the security offered by membership. On the other hand, Italy, which is Mussolini, seems content to remain in the League of Nations while boldly defying the very conditions of membership. The one resembles the followers of Jefferson Davis, who held

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that the South was under obligation to obey Federal laws while remaining in the Union, but had a right to secede—and then deny them; the other acts upon the Calhoun theory and remains in the League, while nullifying its laws.

In all these cases the leaders insist that what they demand falls within the meaning of international justice. But vague terms are dangerous, and the term international justice is among the vaguest. Some twenty years ago an American patriotic society, seeking to define it, sent to the ten American leaders, then generally acknowledged to be the most eminent in the nation, this question: "Will you give us, in twenty-five words, and for publication, your definition of international justice?" From each came a prompt assent; but later from each came the confession: "I cannot define international justice."

Men trained from childhood to think of justice in terms purely personal or national cannot suddenly widen their viewpoint and think of it in terms of all the world. But until they learn so to think it is vain to seek a formula that will reduce war to a minimum and raise peace to a maximum.

Jefferson declared that all men are created equal; but international law had already declared that all sovereign nations are created equal. From the Peace of Westphalia to the writing of the Covenant of the League of Nations that was the theory upon which nation was expected to deal with nation. Jefferson further said that man had certain "unalienable rights," among which he specified the right "to life, liberty and the pursuit of happiness." For the protection of these rights, he said, "governments were instituted among men." Does international justice mean that there are similar rights of nations? If so,

what government has been instituted among nations to protect them?

The League of Nations was designed for that purpose, if we accept literally Wilson's declaration in plenary session upon the drafting of the Covenant: "Armed force is the background in this program, but it is in the background, and if the moral force of the world will not suffice, the physical force of the world shall." But recent events have proved that the moral force of the world has not sufficed to give international justice. All nations agree that this has been denied to China. Germany, too, insists that it has been denied to her. And Italy sees her right to "life, liberty and the pursuit of happiness" threatened by those nations who believe that these are due to Ethiopia as well.

If the League of Nations is to be but a group of the agents of hungry nations seeking each its own ends, it will lighten the world's burdens not one featherweight. If the world is to be saved by union, it will be by a union that thinks in terms of international justice—or equity—not in terms of national gains. If the League cannot rise to this height it will stand as another failure on the pathway of history. If it is to rise to power and influence it must be through leaders who accept Leibnitz's motto: "So act that you can honestly wish the motive of your actions to become universal."

Whether we view matters from the point of view of nations, legalistically denied these "unalienable rights," or from that of the individual to whom the laws have failed to confirm them, we should consider Lowell's warning: "It is only when the reasonable and practicable are denied that men demand the unreasonable and the impracticable." It was Blackstone, not Lenin, who wrote: "The law not only regards life, and protects every man in

the enjoyment of it, but also furnishes him with everything necessary for its support. For there is no man so indigent or wretched but that he may demand a supply sufficient for all the necessities of life from the more opulent part of the community." Obviously Blackstone was not giving his weighty sanction to the highwayman. He was only seeking to emphasize the fact that a nation whose laws have failed to establish conditions under which a man of average ability, energy and thrift may earn a decent living has not apprehended the real purpose of law.

But no one can doubt as he studies the present world that the laws have not accomplished this, either with respect to individuals or nations. Hence, this new revolt in the desert, in which man defies laws in the name of justice; and nations scrap treaties and repudiate debts in the same name. If we do not keep open in either case an appeal from law to justice, justice will appeal to force; and what justice can do, injustice can imitate. When justice fails, by the failure of law to accomplish its primary purpose, peace stands endangered.

Aristotle once declared: "Men do not make laws; they only discover them." And wise men long ago discovered that laws, to be effective, must carry justice with them. When the fathers of the American Revolution, many of whom held high office in the British Government, found that they could not make their case by pleading the protection of English law and the British Constitution, they wisely adopted the advice which Aristotle had given to a young Greek advocate: "If you cannot make your case by pleading the laws of the land, appeal to the law of nature." In the end, however, they had to appeal to force, defying the laws of their coun-

try for their country's good. And today the best English writers trace from this step the beginnings of that wonderful transformation of a British Empire held together by force into the British Commonwealth of Nations held together by common ideals and interests.

In the face of such historical examples—and they are many—it is vain to argue, as some do, that war never pays. One has but to scan the map of Europe today to find nations whose very existence is the result of "the war to end war." And it is equally futile to try to convince Japan, rejoicing in her war-won Manchuria, that war never pays; or to convince Italy that a war to win Ethiopia offers no adequate rewards. Germany, to a man, believes that the peace of Versailles gave not "peace without victory," but a truce without justice, and stands ready to face another war, if need be, rather than accept its settlements as final.

Pascal wrote: "We must * * * put together justice and force; and therefore so dispose things that whatever is just is mighty, and whatever is mighty is just"—a very different doctrine from the medieval conception that God gives the biggest muscles to the justest cause. God, as even a casual survey of history will show, has made no such convenient arrangement. No, Pascal was right, "We must put justice and force together," and the union once made will establish international justice and define it.

The great obstacle to this beneficent union, promising such noble offspring, seems to be the universal adoration of the doctrine of the absolute sovereignty of the nation, a doctrine injected into modern political theory by no less a philosopher than Machiavelli. We scorn the philosopher—often without troubling to read him

—but we enthrone his theory which makes the sovereign nation "a moral universe in itself, which can be subject to no transcendent moral law in its physical collisions with other representatives of its own species." Accepting that subtle poison, in the name of patriotism, the sovereign nations have consented to the belief that a nation, as sovereign, can accept no limitations save its own will.

Peace with justice is the only lasting peace; but when each nation feels, and is, free to deny justice in its dealings with other nations, there can be no lasting peace. In the moment of crisis, justice is denied with impunity; and at that moment another war is born. The world's future peace lies in the emergence of leaders wise enough to acknowledge a limit to the sovereignty of the nation and, for the sake of international justice, to refuse to cherish policies which mean poverty, starvation and, ultimately, desperate revolt, for those nations least strategically placed.

Elihu Root, the American statesman of the greatest proved wisdom, once declared: "The indispensable prerequisite of lasting peace is the creation of the international mind." At the present rate of progress (now in the wrong direction) how long will it take to create such a mind, one big enough to think in terms of even-handed justice to every nation and to every race?

At the opening of the American Revolution Patrick Henry said: "Henceforward there should be known among us no New England man, no Southerner, but all of us Americans." Since then America has measurably succeeded in making an American mind out of a myriad of races and devotees

of localism; and Great Britain by a similar process has raised a world commonwealth to the semblance of an English mind. These successes should encourage us to hope that an international mind, with international justice as its aim, can be created if we work for it diligently, and with enlightened self-interest. President Franklin D. Roosevelt was at his best when he wrote: "It is of little value to any of you to be temporarily prosperous while others are permanently depressed." But domestic problems and the venturesome experiments of the New Deal have apparently hidden this flash of insight into the meaning of international justice.

The American Constitution has more virtues than some of our leaders are willing to allow; but in one respect its scope is not broad enough for the new era which is already upon us, and to stay. It defines its aim thus: "To establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare"—all broad and noble principles, fit to become universal. But the words which follow—to "secure the blessings of liberty to ourselves and our posterity"—are too narrow, too provincial, too nationalistic for our world-wide problems. In the greatest period of our national greatness when, for a brief space, we stood as the acknowledged moral leader of the nations, we broadened that last objective, interpreting it to mean "to secure the blessings of liberty" to ourselves and all mankind.

It might aid our return to the trail that was lost if once more the outstanding leaders of this perplexed nation were asked to write, in twenty-five words, and for publication, their conception of the meaning of international justice.

Russia Moves Toward Democracy

By LOUIS FISCHER*

PART of the excitement of living in the Soviet Union arises from the fluidity of its social and political forms, for, as an article in the official Communist *Pravda* declared a few months ago, no Soviet institution is permanent. There is, indeed, always something new under the Bolshevik sun. Even the essential characteristics of bolshevism are not unalterable. The Soviet régime, for instance, is an avowed class dictatorship which practices intimidation and terror. The Communist party is the supreme ruling body and directs the government. Yet there is already discernible a tendency toward the disappearance of these features of the Soviet system.

People frequently ask, "Do not dictatorships try to perpetuate themselves?" Some undoubtedly do. But the Bolshevik dictatorship is slowly, almost imperceptibly abdicating. When the change to democracy is completed the world will wonder how it happened. The Bolshevik dictatorship still exercises all the prerogatives of such a régime. It is often cruel, ruthless and anti-democratic. Soviet citizens feel its effects every day, and outside observers watch its operations. Its manifestations are infinitely more numerous than the signs of an emerging democracy. And yet in the full bloom of its youth this dictatorship is making ready for its own demise.

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The process should not be mistaken for the finished product, nor must the time element be overlooked. But the all-pervading logic of Soviet politics is a guarantee that the movement toward democracy has not been inaugurated in vain. The first Five-Year Plan, that of 1929-32, imposed all sorts of privations on the whole people. The Bolsheviks said: "We are laying the foundation of an industrialized, richer Russia. The foundation costs many billions. We must pay for it by accepting fewer comforts and lower standards. But soon the superstructure will rise. Soon this investment will earn dividends." Many citizens understood. Others, as well as most foreigners, scoffed. Reporters concentrated attention on the hardships and lost sight of the goal. Today, however, even arch-skeptics agree that the Bolsheviks have fulfilled their promise and that the second Five-Year Plan has brought a marked improvement of living conditions.

The proletarian dictatorship, the foundations of which are now being undermined, conceives of the workers as the only class with direct influence upon the formation of policy, as the class which occupies a privileged position and enjoys advantages over the peasantry and many more rights than the disfranchised bourgeois remnant. The determining feature of Russia's dictatorship, then, is exclusiveness. There is discrimination in favor of some groups and against others. The workers are at the apex of the social pyramid.

The actual responsibility of ruling the country, however, rests upon the most zealous, the most devoted and most convinced members of the working class and upon intellectuals who function in its name. Together they constitute the Communist party. The party is the "vanguard," the "shock troops," the spearhead, brain and directing arm of the proletariat. All important Soviet commissars are party members. Communists are assigned to the most trying tasks. They stand in the front rank of the battle. Everything revolves around the party, and Joseph Stalin, who holds no high government position, wields power by reason of his leadership of the party. Today Soviet politics is inconceivable without the Communist party.

But the doors of the party are never wide open; sometimes they are completely closed, and at all times admission is obtained only after a difficult probationary period. Those who achieve a prescribed standard of political reliability, self-discipline and education alone can hope to be enrolled. Members submit to regular purges and examinations, and are frequently expelled for delinquency, laxity of discipline or insufficient political activity. Thus the basis of party membership also is exclusiveness. Just as not all citizens but only workers are regarded as the ruling class, so only the few are permitted to join the party that dominates the life of the country. Accordingly, if the non-proletarian classes were placed on a par with the proletariat and if Communists ceased to be distinguished from non-Communists, the basic conception of the Bolshevik dictatorship would crumble. Exactly this is happening.

The special position of the Soviet proletariat is becoming a thing of the past. Formerly the workers constituted the only real popular support of

the régime. The intellectuals and the peasantry were politically, for the most part, either indifferent or hostile. The intelligentsia paid for its antagonism to bolshevism with bitter persecutions, some warranted and others unfair, which reached their climax in 1930 and 1931, when thousands of engineers and professional men were arrested on charges of subversive activity. But, as often occurs in Soviet history, the high point of one development is immediately succeeded by another equally momentous. After Stalin's "Six-Point" speech of June 23, 1931, hailed as the "Magna Carta of the intelligentsia," the Soviets began to court the intellectuals and to shower all manner of material blessings upon them. The engineers were "raised to the level of workers," and professional salaries moved sharply upward. In respect of real rights and benefits, accordingly, the handicap in favor of the proletariat commenced to become smaller as early as 1931.

Meanwhile, the "liquidation," or elimination, of the urban and rural bourgeoisie proceeded with accustomed thoroughness and cruelty. Even before the first Five-Year Plan city capitalism in the Soviet Union was practically dead. But the private capitalist peasant remained. As the worker was the favorite child, so the peasant was the stepchild of the revolution.

Although the peasantry helped to make the revolution of November, 1917, and the land was nationalized, agriculture continued under the domination of individual cultivators who owned their own livestock and implements and were therefore capitalists. And capitalists, naturally, could have no active rôle in Soviet politics. With the launching of the first Five-Year Plan in 1929 came agrarian collec-

tivization. Under this new system of socialized farming the peasants transferred their private capital to the collectives, tilled their land in common and divided the produce according to the quality and quantity of each individual's labor.

Before long, however, the Bolsheviks found it necessary to grant the peasants political rights corresponding to the economic reorganization of the village. This was done at the last All-Union Soviet Congress, in February, 1935.

Prime Minister Molotov told the congress that the time had come to amend the Constitution, under which the vote of one worker was equal to the votes of five peasants. Molotov proposed to wipe out this inequality. Simultaneously the congress resolved that secret voting was to supersede voting by show of hands. The undemocratic scheme of indirect voting was also to be abolished. Hitherto the individual citizens in town and country voted only for their local soviets, which elected the county soviets; the county soviets in turn elected the regional soviets, which elected the soviets of the federated republics, from which, finally, the All-Union Soviet Congress was chosen. The citizen was thus many steps removed from his national representatives. This system assured the predominance of Communist and pro-Communist elements in all important bodies. It would have been unsafe to give the peasantry direct, equal and secret suffrage, for they greatly outnumbered the workers, and Moscow did not wish to be overwhelmed by a hostile farm vote.

But all that is different now. The peasant is no longer a capitalist; collectivization has exposed him to Bolshevik propaganda; he is receiving some tangible benefits from the Soviet

régime; he is no longer violently anti-Socialist. He can accordingly be granted equal civil status, and the Soviet chiefs hope that the more the peasants are trusted the more loyal they will become—a matter of vital importance in case of war. Stalin has declared that the new democratic system will put Communist officials and provincial leaders on trial. If their followers fail to re-elect them, he says, Moscow will know that something is wrong.

But elections can be manipulated. Intimidation at the polls was not invented by Nazi Germany, and the forms of bribery and pressure are legion. Molotov hailed his constitutional amendments as the democratization of Soviet politics, and contrasted this development with the anti-democratic trend in many bourgeois countries. In themselves, however, these paper reforms might mean much or little. Everything depended on the intention and the execution.

These doubts were immediately dispelled by a further and even more significant move toward democracy. The collective farms had been directed either by officials appointed by Moscow or by a small handful of Communists in each village. In March, 1935, the government drafted new statutes for the thousands of collectives in the Soviet Union, constituting the general assembly of each village, with a majority quorum, which was the supreme authority, with the right to recall and overrule officials but not to be overruled by them. This reduction of the prerogatives of a superimposed bureaucracy was an unprecedented and most radical change in that it subordinated Communists to the will of the people. The statutes of March, 1935, supplemented and lent reality to the constitutional reforms of the previous month.

This combination of economic democracy and equal suffrage may conceivably give the peasants more democracy than can be enjoyed by the workers, who of course do not directly rule the factories or elect their own managers. Materially, the intellectual and professional classes are in a much better position than the proletariat. The workingmen, to be sure, are still the special wards of the State. They receive free health insurance, old-age pensions and cheap life insurance, obtain easy access to free or inexpensive sanatoria and rest homes, and have in the past been at or near the top of all waiting lists for apartments, admission to higher schools and low-priced purchases of commodities. But the gradual improvement of living conditions makes such benefits available to a greater number and robs the workers' privileges of much of their meaning. The intellectuals, moreover, are competing with the proletariat for accommodations in health resorts and apartment houses and other advantages. Finally, such institutions as old-age pensions and health insurance are certain to spread soon to the Soviet village.

Marx and Engels ordained as one of the essential goals of communism the elimination of the sharp differences between manual and mental labor and between town and country. Collectivization, mechanization of agriculture and the recent enhancement of the peasants' political power actually lay the foundations of a bridge over the chasm that still separates the Soviet city from the rural collectives. This is one of the most dramatic results of the Bolshevik revolution. It establishes a closer bond between proletariat and peasantry, and should ultimately transform the relationship of the Communist party to

the village from forceful domination to voluntary cooperation and fair exchange.

While Russia's bourgeoisie and kulaks still existed, and while the three classes—workers, intellectuals and peasants—lived on different planes, it was impossible to speak honestly of a Soviet nation. Communists hold that the nationalism that merely strives to conceal class distinctions and to mislead the exploited into believing that they are equal members of society is worthy only of the bourgeoisie. The Bolsheviks submit that they would never stoop to this subterfuge. As long as the interclass war in the Soviet Union was bitter and sharp, they proclaimed the fact from the housetops. But now that the anti-Soviet exploiting classes have disappeared and the inequalities between the three remaining classes are being eradicated, there is room for the concept of a nation.

When the Communist organ *Pravda* first used the word "fatherland" and spoke of patriotism in a memorable editorial on June 9, 1934, many Bolsheviks were amazed. Was this a reactionary sentiment? Was it an infection carried into Soviet territory from aggressively nationalistic Nazi Germany? Actually it was nothing more than an expression of the tendency away from dictatorship which many still refuse to see. "Fatherland" fits perfectly into the scheme of a steady march toward a democracy. "The country of the Bolshevik revolution," the writer of the editorial in *Pravda* declared, "is endlessly precious to the workers, the collectivized peasants and to our Soviet intelligentsia." The article then referred to "the 170,000,000 members of this toiling nation to whom the Soviet land is a mother."

That figure includes every inhabitant of the Soviet Union. No one is excluded. The régime belongs to

everybody, and everybody belongs to the régime. The exclusiveness inherent in dictatorship yields to the all-inclusiveness of genuine democracy. Bolshevik statements remind all citizens of their achievements, their high qualities, their bright future and their privileges. The nation is regularly urged to regard itself as an entity, to defend its country and régime, to assert its rights. The peasants and intellectuals have been granted broad new rights, the same as those of the workers.

Nevertheless, these decisive advances on the road to democracy would lose much of their meaning if the Communist party retained its former predominant status. What significance would attach to the greater leveling of classes if, instead of them, one limited party exercised unlimited power as before? Here, too, vast changes are in preparation.

The Soviet Communist organization is not what it used to be. Its composition and its functions are different. The party that under Lenin led the revolution in 1917 numbered only a few thousand. They were picked Bolsheviks steeled in the furnace of Czarist persecution and underground political activity. Today that same organization boasts 2,500,000 members. Despite all attempts to cleanse and purge it, careerists, opportunists and scoundrels remain in its ranks. Its majority is undoubtedly passionate in its devotion to communism, but there are on its rolls many less fit for the honored title of "party man" than thousands barred by reason of their social origin, outlook or past political sins.

Daily, official party organs print scores of accounts of stupidity, misdeeds and even crimes. Although this publicity throws the seamy side of party life into undue prominence, it

does appear that party members no longer deserve the wholesale respect and trust their leaders once had for them.

It is in the light of this development and of the greater loyalty of the professional and peasant classes that Stalin's speech of May 2, 1935, can be understood. There are "party and non-party Bolsheviks," Stalin said. This statement makes Soviet history. Hitherto, the term "Bolshevik" had been applied exclusively to party members. They were in a special, restricted category on which the régime relied. But now Stalin declares that not only party members are Bolsheviks. You can be a Bolshevik without being in the party. Then why be in the party? Or why not accept all these non-party Bolsheviks into the party and thus transform it into a mass party, an all-inclusive party numbering tens of millions?

The concept of non-party Bolsheviks smashes a hundred sacred Soviet traditions. But it had apparently already been crystallizing in Stalin's mind. In 1933 he received a group of authors who were Communists, and, after scolding them roundly for the poor quality of their output, said: "Learn to write from non-party authors," though Lenin had once declared: "Down with non-party authors." This apparent contradiction is misleading, for the non-party authors had changed between Lenin's denunciation and Stalin's advice; they had become non-party Bolsheviks, loyal, convinced Communists without a Communist party card.

Yet how can a democracy be born in a country that does not enjoy freedom of the press, freedom of speech and freedom of assembly? Is real democracy possible where the individual's immediate interests and rights are completely ignored, as is fre-

quently the case in the Soviet Union, if they conflict with some official's understanding of the interests of the State? Is not democracy a caricature without habeas corpus or with secret arrests and secret trials?

Human rights, however, do not always correspond to civil rights. A Russian Communist will tell you that a citizen may have the ballot and live under the protection of a liberal bill of rights and still be a slave; that there are probably some unemployed who would exchange the vote for a permanent job and economic security; that one's person is not really inviolable when a man can be conscripted for a war for which he has expressed no desire; that parliaments do not prevent exploitation, armed conquests and domination of colonial peoples or the concentration of wealth in the hands of the few; that the major part of man's life in the bourgeois world is fashioned under the dictatorship of his employer; that employers likewise exercise a decisive influence on a nation's culture, religion and government. Yet the steps which the Soviet régime has been making toward democracy are, in the main, steps toward civil rights, toward equal civil status, toward the elimination of political disabilities, toward a merging of the differences between party and non-party. But what of human rights?

On May 4, 1935, Stalin delivered in the Kremlin a statement, terse, clear and strong as usual, which dealt with the rights of the individual. He complained that in the Soviet Union "people are frequently shoved around like pawns." He attacked the "disgraceful relationship to people, to personnel and to officials." Men and women must be helped and tenderly cared for. "We have not yet learned to appreciate people, to appreciate officials, to ap-

preciate personnel," he declared. "We must realize that of the valuable capital in the world the most valuable and the most important is man."

This is promise, not fulfillment. Hitherto, bolshevism has been so concerned with humanity that it has often forgotten the human being. Until recently, the Bosheviks were busy building the economic base of human happiness. There could not have been much Soviet humanism while no means, be they in the form of health, nerves or lives, were spared in the race toward the economic goal. But today this period of tremendous sacrifice is over. The majority of Soviet citizens have their necessities and many have an increasing number of comforts. The Soviets claim to have established the principle that a non-capitalist State can make progress and that the prosperity which makes happiness possible is spreading.

But that is not enough. In the Soviet Union almost all capital is owned by the State. The State employs millions and controls the working day of millions more. Practically the entire life of the country lies in the hands of bureaucrats or officials. If they are stupid, because frightened by the terror, citizens will of course be harassed, troubled and unhappy. Countless small but irritating miscarriages of justice result from the automatic obedience of officials to orders from above. Instructions are applied with a mechanical universality that brings hardships to individuals simply because the bureaucrats make no exceptions to rules. Everybody under their domination must fit into the groove of the latest decree or regulation. Ilf and Petrov, the famous Soviet feuilleton team, recently excoriated these blind and harmful bureaucrats. They lacked "sense of proportion," Ilf and Petrov charged.

Behind the absence of a "sense of proportion," however, lies the deeper cause which these Soviet authors failed to mention—fear. It is because the official is afraid of breaking the letter of the law that he offends its spirit. He is afraid because punishment is often severe and irrevocable. Fear is still one of the most over-worked weapons of the Soviet régime—fear, and a desire to curry favor with his superiors, though this second factor is also a phase of fear. The subordinate strives to remain in the good graces of his superior in order to insure against dismissal. To be sure, it is easy to find another job, but the rapid turnover of officials is one of the causes of their inefficiency. The inefficiency of the bureaucracy is being fought by Moscow, but as long as there is no civil service system of permanent officials there will be corruption, mismanagement, fear of punishment for minor misdeeds and automatic worship of words rather than consideration for the welfare of the individual who, by virtue of the Communist system, is constantly in contact with officialdom.

It is now recognized by the Soviet leaders that less intimidation and terrorism would stimulate further cultural growth, artistic creation and even economic progress, and in the last two or three years there has been a marked trend in this direction. This is seen particularly in the curtailment of the prerogatives and powers of the Ogpu, or, as it is now called, the Commissariat of Home Affairs. The public law courts try more cases, and the Commissariat fewer. Arrests for political offenses had dropped sharply until the assassination of the Leningrad Bolshevik leader, Serge Kirov, on Dec. 1, 1934, which caused a violent recrudescence of the terror. But it was short-lived and restricted in its scope

because there are no longer any large disloyal groups in the country. Actually the terror was directed against a small section of the population, against members of its most privileged section, against Communists. The fact that Kirov was killed by a party member has not been without its effect on the status of the party and may have had something to do with the publication by Stalin of the "party and non-party Bolshevik" phrase which he used at a meeting two years ago, but kept out of print. In any case it seems that the reform of the Ogpu is permanent.

What effect will the danger of war have on the movement toward democracy and moderation, which since the Kirov assassination has been continued and in fact accelerated? The Bolsheviks do not want a war. Yet, the more threatening a war becomes the further the Bolsheviks push the democratization of their system. One way of preparing for war would be to clamp down the lid and terrorize the country. But a far better method is to win its voluntary support and to arouse its patriotism. The next war, if and when it comes, will be fought by civilian populations as well as by armies. Democratization is thus being stimulated by the war scare. This is the answer to those who believe that Russia cannot afford to scrap the dictatorship because she has so many enemies at home and abroad.

Only the framework of a democracy at present exists in the Soviet Union. The newly granted equal civil rights and the new attitude toward the exclusive position of Communists undermine the principle of dictatorship, but not the dictatorship itself. Logically everything seems to be prepared for the collapse of the dictatorship. Yet it remains firm, and democracy consequently awaits its chance.

That chance would come with the fuller recognition of human rights. The clipping of the Ogpu's wings and Stalin's speech on individual rights constitute only a beginning. "Socialist humanism is beginning to shine," *Pravda* says. Much more personal freedom is required before democracy can become real.

Russia, it should be remembered, has no democratic traditions. Even the relations of citizens to officials, especially to higher officials, lack the democratic spirit, for Russia never had a democratic government. Throughout her history she was oppressed by a fierce, anti-cultural, unenlightened autocracy. Kerensky's régime, the seven-month interregnum in 1917 that called itself democratic, actually tried to keep the country in the World War, against its will. That unpopular policy, undemocratically arrived at, was the chief cause of Kerensky's fall and Lenin's rise. The Soviet State was early subjected to military invasion. Most of the powers of the world sent their armies to cooperate with the Whites or counter-revolutionaries on Russian soil. If the Bolsheviks had not availed themselves of the terror of the Cheka and the Ogpu they would have been overthrown. But now the disappearance of terrorist methods promises not to weaken or threaten, but only to strengthen the Soviet Union.

The Bolshevik leadership has accepted this view, though the official thesis is that dictatorship and democracy are not incompatible. *Izvestia*, organ of the government, for instance,

calls "for the strengthening of the proletarian dictatorship and the broadening of Soviet democracy." If the proletarian dictatorship is regarded as synonymous with the Bolshevik State, then the latter is undoubtedly strengthened by broadening its democratic base. Officially there has been no intimation that the dictatorship will ever disappear or submit to reform. But a clear, straight, unmistakable line connects Stalin's speech of June, 1931, on the rights of the intelligentsia with the successful collectivization of agriculture, with the patriotic propaganda initiated in June, 1934, with the reorganization of the Ogpu in July, 1934, with the frequent use of the word "nation" beginning in the second half of 1934, with the constitutional reforms of February, 1935, with the democratic statutes evolved for collective farms in March, 1935, with Stalin's reference to "party and non-party Bolsheviks" on May 2, 1935, and with his "humanism" speech of May 4, 1935.

The world has never seen a Socialist democracy. Its birth presents special problems because of the omnipotence of the State and the intimate relationship of the State to each individual. But it also has unique possibilities, for it presumes true equality of economic status. There being no conflict under socialism between labor and employer, there being no exploited and exploiter, Soviet individuals could acquire a voice in the affairs of life that really matter. When will that be?

Fiction Mirrors America

By NEWTON ARVIN*

NOT many things in nature live so long or so lustily as the formulas of literary criticism, and every one who reads, or reads about, serious American fiction is almost as familiar with certain sorts of distinctions among writers as he is with his own name. That one novelist or short story writer is a romantic and another a naturalist, that one is a sophisticate or cosmopolitan and another a regionalist, that one is a traditional American optimist and another a decadent pessimist—such observations cost little but the mild labor of repetition. In themselves, of course, these are real and useful distinctions, but after a time they tend to make it harder rather than easier to see the books in question themselves and not simply the critical folders in which they can be conveniently filed.

These particular formulas, for example, tend to blur a line that can be drawn through most American fiction from the beginning and especially in the last forty years—a line it takes no great insight to draw but only, perhaps, a willingness to make much of the obvious. For it is obvious enough that most of the interesting writers of American fiction, representative men and women as they are of the middle classes, have been more or less consciously preoccupied with

the inherited values of American individualism, and that they have either clung to and propagated those values or, arriving at the conviction that they are obsolete, have sought for others to take their place; or have vacillated between the two attitudes. Fashions in literary technique or in narrative material have come and gone, but the rightness or the wrongness of our traditional self-reliance and self-sufficiency has never ceased to be an explicit theme or a latent question in our fiction.

This is partly, of course, because the endlessly complex relations between the individual and society have always been and will always be among the great classic motives in literature, but it is also because those relations have seemed acutely and peculiarly problematic in recent years. The American writer of the middle class has grown up to believe that "the American compact," as Whitman said, "is altogether with individuals"; he has been trained to think and act as if on the virtues of the strong and aggressive individual hung all the law and the prophets; and he has found himself in a world in which these assumptions have been increasingly challenged by social thinkers; a world, moreover, so chaotic, so brutal, so disappointing in many human respects, that the challenge has seemed a legitimate one. By no means all our novelists have been conscious apologists or conscious critics of American capitalism, but to all those who are worth speaking of the morality that

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has underlain and fortified that system has been a profound concern.

In a sense this has been true from the outset, so that if Fenimore Cooper created in Leatherstocking the great representative embodiment of the virtues of the pioneer, so many of which are also the business virtues, in an only slightly later time the tales and romances of Hawthorne allegorized the destructiveness or the sterility of certain sorts of individualism. But it was only in the generation that saw the rise of monopoly, the generation of Howells and Bellamy, that American writers began to question concretely, as those men did, the "rugged" philosophy of self-help that was making that tendency possible. Howells and Bellamy were voices crying in a wilderness, and it was not until the coming to a head of the middle-class reform movement in the time of Theodore Roosevelt that the old values began to be challenged not only consciously but widely and drastically.

Every one knows that for a period of six or eight years, early in the century, a new interest was taken in novels dealing with sensational matters of political corruption and financial chicanery. What has been a great deal less appreciated is that the most thoughtful of those novels not only exposed the prevalence of graft in American public life but questioned, and more or less sweepingly rejected, the whole morality of aggression, acquisition and self-advancement that lay behind it. There are pictures of legislative fraud, of real-estate swindles and of monopolistic guile in the novels of Winston Churchill and Robert Herrick; but, on a deeper level than this, there is in both writers, and especially in Herrick, a serious and philosophic intention to discredit the

religion of success itself. This intention gives such books as *A Far Country* and *The Memoirs of an American Citizen* a genuine salience; and even in the more simply documentary and propagandist works of Upton Sinclair there are moral implications that, given his highly characteristic middle-class background, it would be uncritical to miss.

In all these writers, however, some of the old spiritual individualism of the Protestant heritage survives; and in other novelists of their generation there is a real and sometimes tragic conflict between predispositions toward success-worship and truer insights. Frank Norris, Jack London, David Graham Phillips and Theodore Dreiser were all in their different ways angered or saddened by the spectacle of disorder, waste and needless suffering about them. London was for some years an active Socialist; Dreiser has been a Communist sympathizer; and even Norris and Phillips, in some of their novels, instinctively identified themselves at moments with the spokesmen of radical doctrines. But the heritage of their class was tenacious in all these men. To them, on one side, as to Emerson, life was "a search after power"; and down upon the fine resistance of their humane feelings flowed the strong current of a harsh and almost barbaric individualism. The wolf, the Titan, the superman, the bold genius prevail in their fiction in spite of everything.

No such evident and open clash between collectivist inclinations and pioneering emotions obtains in the work of conservative writers like Mrs. Wharton and Booth Tarkington, but even with them there is an interesting complexity and even confusion of comment. No writer of her genera-

tion was more erosively disrespectful than Mrs. Wharton of the grossly successful individuals, the flushed plutocrats and go-getters who appear in such books as *The House of Mirth* and *The Custom of the Country*; and her reiterated preachment is that the individual, even if understandably rebellious, must bow to the superior authority of social necessities. But these necessities she has always conceived in terms of inherited custom and established privilege. Mr. Tarkington, too, after leading in *The Turmoil* an impulsive but vivacious sally against the forces of unplanned, meaningless and boastful aggrandizement, withdrew rapidly to an unexposed position; and there, with such novels as *The Midlander* and *The Plutocrat*, demonstrated his renewed faith in an almost Franklinesque morality of trade, speculation and salesmanship.

With the apparent triumph of reformism in the election of Woodrow Wilson, younger writers of fiction ceased to feel the interest their elders had felt in political and social questions. What seemed to be taking the place of the old conscientious sense of social responsibility was a new revolt of the individual, though now the sensitive rather than the tough-minded individual, against the pressures of the group. The novels of James Branch Cabell and Joseph Hergesheimer, mannered and shallow as they are, have a certain unity that springs from their authors' romantic contempt for the average and their cult of the rare, the distinguished, the aristocratically lonely hero or heroine. Sinclair Lewis's sympathies once seemed to lie with the defiant protestant against stifling conventions and village morality; and on another level, though he was capable of lampooning the obvious fatuities of boasting and "service," such novels as *Dodsworth* and *Work of Art*

have made it clear that, like London and Dreiser, Lewis instinctively respects power, and in fact has almost as much esteem as Tarkington for the successful money-maker.

It is the other and more idealistic individualism that pervades the fastidious, tenuous novels of Zona Gale. It is something of the same sort that, with a Bohemian bias, gives character to the rebellious novels of such Greenwich Village writers as Floyd Dell. Through the very different work of Willa Cather runs a steady preoccupation with the gifted, the ambitious, the aspiring individual, the true pathfinding pioneer surrounded by incompetents, the fine artistic spirit environed by dullards; and her most sympathetic personages are characteristically seen in a poetic solitude. This last is true also of the men and women, even the young men and women, in the tales and novels of Sherwood Anderson—puzzled, unsatisfied, isolated people, most of them, whom one usually sees shut up alone in their rooms or solitarily running along a country road or a village street at night. They too are in revolt, though usually vague revolt, against the hobbles and blinkers of their social medium.

All this is true of the Wilsonian writers, but it is only one side of the truth. If they are individualists, it is no longer in the old, positive, Emersonian or Whitmanesque fashion. Their individualism is a negation rather than a call to the deed, and means not so much reliance on self as distrust of others, distrust, at any rate, of a hostile and uncomprehending world. It is the individualism not of hope but of disappointment. In writers like Cabell it is a wholly decadent nostalgia, and in the other, more critical writers it fails increasingly to stand on its own base. As

individualism, it is emptier and emptier of content, and moves irresistibly toward something that will enable it to transcend itself.

This is the case even in Sinclair Lewis, whose most typical hero, the physician Arrowsmith, bitterly anti-social as he is, can find meaning in life only by dedicating himself heart and soul to the supposedly impersonal pursuit of scientific truth; and even Lewis' successful hotel-keepers and automobile manufacturers feel the unmasterful need of justifying their careers by minimizing the egoistic motive and calling their taverns and their motors "works of art." Willa Cather passed from the strenuousness of *O Pioneers!* through the growing defeatism of *A Lost Lady* and *The Professor's House* to the weak traditionalism of *Death Comes for the Archbishop* and *Shadows on the Rock*—a traditionalism in which medieval religion is the chief ingredient and in which the individual, having broken with all of Protestantism, can utterly lose himself. As for Anderson, from the beginning, though his theme was loneliness, it was exactly the misery of that loneliness that obsessed him, and his characters kept groping, as he did, for the thread that would lead them out of the labyrinth of self into creative relations with other men and women. "My fruit shall not be my fruit," he wrote, "until it falls from my arms into the arms of others over the top of the wall."

To the cultural pathologist the work of these middle-generation writers would have demonstrated, even before the war and certainly in the few years that followed it, what was happening to the inherited values of the frontiersman, the trader and the industrial chieftain. To the veriest layman it might have been crudely evi-

dent from the younger literature of the Nineteen Twenties that American individualism as a valid way of life was exhausted beyond restoration. At the same time that the flush prosperity of a bull market was apparently vindicating all the ancestral saws, the fiction that came from the pens of the most susceptible, the most intuitive and the most honest of the younger writers was building up an elaborate clinical picture of moral inanition, psychological corruption and social chaos. It was comforting to attribute this fiction of the "lost generation" to that useful ephemeral, post-war psychosis, but the critical mind saw it as symptomatic of a social life from which every principle of valid unity had disappeared, leaving its best spirits disoriented, embittered and morally unemployed.

Their elders had struggled for a rather ill-defined "freedom," and now, in the relaxed atmosphere of the jazz age, and in the prosperous classes, the generation that was a contemporary of the century found itself with unprecedented license on its hands. If such knowing writers as Scott Fitzgerald, Ernest Hemingway, Ring Lardner and John Dos Passos are to be trusted, and they speak with persuasive authority, this mere independence of restraint proved to be the most derisive of blind alleys. At the end of *This Side of Paradise*, Fitzgerald's Amory Blaine is walking alone on the Princeton campus and, throwing up his arms to the Summer stars, "I know myself," he cries, "but that is all." That it was an inadequate and sour knowledge Fitzgerald's later stories and novels amply illustrated. The outcome of being simply on one's own, in a social world that had no goal but bigger dividends, seemed to be the conviction that, as one of Heming-

way's titles and all his narratives exemplified, the poet of *Ecclesiastes* was right: "The sun also ariseth, and the sun goeth down, and hasteth to his place where he ariseth." Satiety, disgust and an all-deflating skepticism—these are the emotions that prevail in the works of Fitzgerald and Hemingway, in the ashy tales of Ring Lardner and in Dos Passos's *Manhattan Transfer*.

When he said that he knew himself, however, Fitzgerald's hero, though he begged the question whether even the self can be truly known in a vacuum, was speaking for a literary decade that, in fiction as in poetry, was taking its cue from the abnormal psychologists and turning in upon itself with a more and more inordinate subjectivity, developing the technique of the monologue or soliloquy even at the expense of intelligible communication, and obsessing itself more and more, inevitably, with neurosis, perversity and madness. An inspired introspectiveness is at work in the novels and tales of Conrad Aiken, of Evelyn Scott, of Kay Boyle and of William Faulkner; the lessons learned from such masters as Proust and Joyce have been well learned; but nothing could demonstrate more terribly the destruction of individuality that results from a hypertrophied individualism than the human scene they evoke—a scene which, peopled as it largely is with neurasthenics, idiots, hysterics, perverts and paranoiacs, sometimes reminds one of the writhing lines and contorted faces in a late medieval fresco of the Last Judgment, or of the landscapes filled with weird non-human figures in some of Goya's evil etchings.

In this respect the writers of fiction were not outdone by the poets of the period; the atmosphere of Conrad Aiken's *Blue Voyage* is as dry and

desperate as the atmosphere of T. S. Eliot's *Waste Land*, and not even Robinson Jeffers's men and women are so monstrously perverted, so unhumanly suggestive of the lower primates, as some of the creatures who chatter and scratch and hop about in Faulkner's *Sanctuary* and *The Sound and the Fury*. It is true that the fiction of the decade was rarely so willfully non-communicative, so capriciously unintelligible, as some of its poetry; in the nature of things it could hardly be; but, in the sketches of *Geography and Plays* and in *The Making of Americans*, Gertrude Stein showed that even something like prose fiction can be pushed over the line that lies this side of tedious and elaborate nonsense when it becomes the vehicle for nothing more important than personal whim and refined narcissism.

Instinctively or consciously determined to steer off the shoals that lay in wait for the bored cosmopolite, the urban sophisticate and the fatigued self-analyst, a certain number of writers in the Nineteen Twenties turned away from the city, away from the post-war world of mass production and mechanized work and play, to the slower and simpler lives of American farmers, mountain-folk, villagers, ranchers and the like, and attempted to find in these lives, and in the American past that had shaped and colored them, an antidote to the feverish rootlessness of the age. A sound if partial insight lay behind this "new regionalism"; there was a real wisdom in its effort to relate the individual to the rich and homely life of his own people; it stimulated the discovery of unexpected wealth in the popular arts and the oral traditions of the country; and it produced, in the work of Glenway Wescott, of Elizabeth Madox Roberts, of Ruth Suckow and others, some of the most affecting

and most poetic fiction of the decade.

It has been a highly ambiguous and doubtful tendency, nevertheless, and many of its expressions have been not only disappointing but mischievous. The idolatry of the isolated region, the cult of agrarianism and "the earth," the quest for the primitive, these things have too often gone hand in hand with an ignoble refusal to confront and to study the international modern world of profit-making and financial imperialism; they have too often begotten a tragically dangerous worship of the subrational and the prehistoric; they have too often seemed to eventuate in sentimental and sterile nostalgia or in a conscious social obscurantism. They could well play into the hands of a native fascism.

Something like this would certainly be the judgment of the youngest and most remarkable group of American novelists, the Marxist or proletarian writers who have appeared during the crisis. Some of these writers could easily set up on their own as pure regionalists. Erskine Caldwell writes with the greatest intimacy of the lives of Georgia share-croppers and tenant-farmers; Fielding Burke and Grace Lumpkin, in such books as *Call Home the Heart* and *To Make My Bread*, deal tenderly and closely with the ways of mountain people in North Carolina and Tennessee; and Josephine Herbst, to judge from *The Executioner Waits*, has quite as full a personal awareness of what Iowa farmers and townsfolk think and do as Ruth Suckow. But the work of these writers has a hardness of fiber and a palpable momentum for which one need not look in even the best of the regionalists; and this because they see their regional material not in the light of a reminiscent populism but in the light of a philosophy of

history that lays a heavy emphasis on economic realities, on the conflict between classes and on conscious political change.

What is still more interesting here, this youngest generation of novelists has taken the step which the generation of London, Dreiser and Herrick never quite took or took uncertainly; consciously or intuitively, they have turned their backs once and for all on both the old romantic and the old philistine individualism, and committed themselves to a social philosophy that is by no means, to speak negatively, intolerant of the individual, but is on the positive side intensely collectivistic. Hawthorne's "magnetic chain of humanity" is not consciously in their minds; but it is this that, by the rendering of group action and class loyalties, they aim to help in constructing.

It is true that some of the sincerest and most robust of these writers dwell on aspects of contemporary life so ugly and so brutalized that they might seem, like the writers of the lost generation, obsessed with the spectacle of "the individualistic nightmare" rather than with the positive and hopeful alternative to it. The excruciating depiction of New York tenement life in Michael Gold's *Jews Without Money*; James Farrell's grim history of a group of young Chicago toughs in his three volumes about Studs Lonigan; the epic of chaos and futility that John Dos Passos's *42d Parallel* and *1919* on one side seem to be; the pictures of moral squalor and social rawness in Edward Dahlberg's *Bottom Dogs* and Albert Halper's *The Foundry*; these things could be made to appear as nihilistic as the fables of Hemingway and Faulkner. But only superficially, for in many tangible and intangible ways that cannot be defined here, the concentration of

these writers on the life of the industrial or white-collar working class, rather than on that of the bourgeoisie, and the awareness of intelligible tendencies in history that is more or less strong in all of them, effectively avert from their fiction the pest of real defeatism.

Naturally this is still more evidently true of the writers who have dealt with industrial struggles from the point of view of the workers. It holds even for a book so full of dark colors as Jack Conroy's *The Disinherited*, and particularly for the group of novels whose action centres in a strike: Mary Heaton Vorse's story of Southern textile workers of which the title itself is *Strike*; William Rollins's *The Shadow Before*, which also deals with a battle in the textile industry; and Robert Cantwell's brilliant study of industrial conflict in the Northwest, *Land of Plenty*. If nothing else were interesting in such books, they would have extraordinary significance for their representation of individuals relying not on their isolated selves, in the ancestral fashion, but on the solidarity of a strongly purposive

group, and gaining rather than losing true individuality by this achieved collaboration. And finally, in Waldo Frank's *The Death and Birth of David Markand*, though its leading characters are members of the middle class, there is a more explicit and philosophic attempt than in any of these other novels to adumbrate the new ethics of wholeness and harmony that must rise on the ashes of the old separatism.

Not all these proletarian novels are clear and unambiguous triumphs of the novelist's art; some of them must be described as interesting and honorable failures; and in general their authors strike one as the precursors of a great school rather than its flower. But the secret of life is in them as it is in no other fiction of the present decade; they open up a trail that is neither a blind alley nor a road downward and backward; and when they are read in the light of what went before them in American literature it is clear that they not only prognosticate the future but continue and expand the best impulses of the past.

Current History in Cartoons



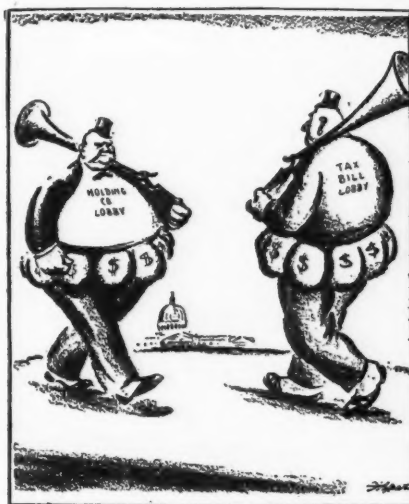
A refreshingly simple solution
—The Sun, Baltimore



Uncle Sam is big, too
—New York Herald Tribune



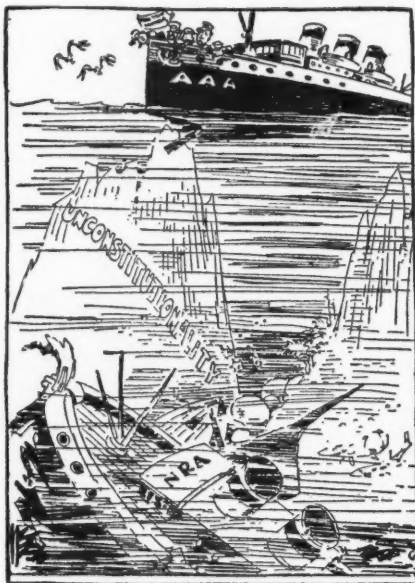
Up-see daisy!
—Cleveland Plain Dealer



Changing the guard
—St. Louis Post-Dispatch



The runaway
—Philadelphia Inquirer



What is going to happen?
—Daily Oklahoman



A problem to be solved for mutual
benefits
—The Times-Picayune, New Orleans



The new strong man
—Rochester Times-Union



The mud thrower is cleaner

—The Detroit News



At best, a poor copy
—Courier-Journal, Louisville



As the hour of battle approaches
—St. Louis Globe-Democrat



**MIGHT IS
RIGHT:**
The police-
man (League
of Nations)
thinks it no
longer worth
while to in-
tervene
—De Groene
Amsterdam-
mer



Midsummer's nightmare
—The Sun, Baltimore



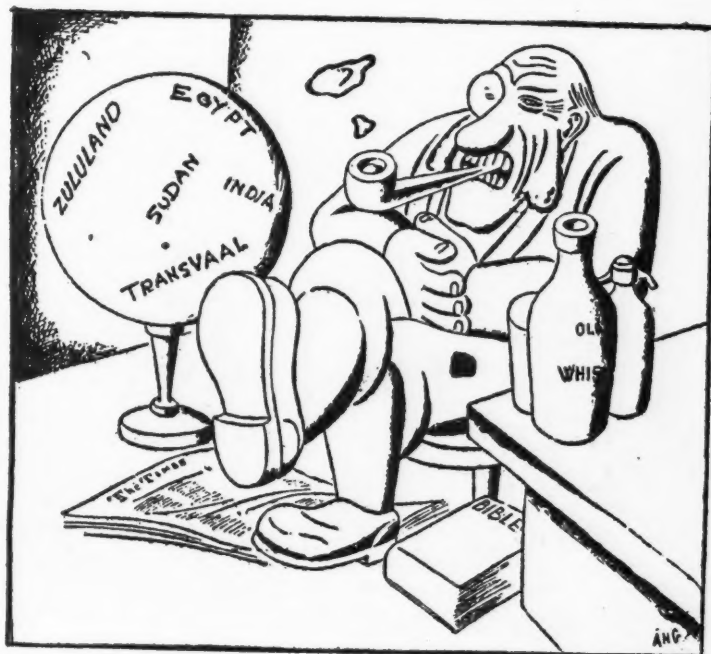
"Let's go, everybody"
—The Post-Standard, Syracuse



Englishman:
"Stop! Stop!
I want to
civilize Ethi-
opia."

Mussolini:
"No interfer-
ence here. I
will civilize
Ethiopia."

—De Noten-
kraker, Am-
sterdam



The candid
Englishman:
"A colonial
war—what
nonsense!"

—Guerin Mes-
chino, Milan



Lloyd George: "... if any man can show any just cause, why they may not lawfully be joined together, let him now speak ..."

—Daily Express, London.



M. Laval strikes a heavy blow to restore the national economy

—Humanite, Paris



On the road back
—St. Louis Star-Times

A Month's World History

Chronology of Current Events

(Figures indicate page numbers)

International Events

- July 6—The United States advises its citizens to leave Ethiopia.
July 9—Attempts at conciliation between Italy and Ethiopia break down.
July 11—British foreign policy outlined by Sir Samuel Hoare (641).
July 11—Secretary Hull urges peace between Italy and Ethiopia.
July 12—Secretary Hull reaffirms American adherence to Kellogg pact.
July 22—Britain drops navy quota system (624).
July 24—Britain supports the United States in work for peace in Africa.
July 25—Italy proposes resumption of arbitration of Ethiopian dispute.
July 31—League Council meets (582).

The United States

- July 16—Federal Court of Appeals rules AAA unconstitutional (631).
July 17—Federal Court of Appeals upholds TVA power plan (631).
July 23—Governor Pearson replaced as Governor of Virgin Islands (628).
July 26—Senate passes Banking Bill.
Aug. 5—House passes Tax Bill (626).
Bus Control Bill passes Congress.
Aug. 7—Rhode Island elects Republican Congressman in by-election (632).

Canada

- July 5—Parliament prorogued (633).
July 23—Liberals win Prince Edward Island election (633).

Latin America

- July 13—Peru establishes quota system for certain imports (640).
July 19—Argentina places censorship on news (639).
Aug. 2—Term of Bolivia's Provisional President extended one year (639).

The British Empire

- July 1—Lancashire coal-marketing agreements come into effect (642).
July 9—Labor motion of censure fails in Commons (641).
July 12—Religious riots break out in Ulster (644).
July 15—Lancashire cotton-weavers' minimum wage scale becomes effective (643).
Britain announces new meat policy (643).
July 17—Distressed Areas Reports published in London (641).
July 22—Baldwin Cabinet rejects Lloyd George's New Deal (642).
Aug. 2—British Parliament adjourns (641).
India bill receives royal assent (645).

- Aug. 6—Marquess of Linlithgow appointed Viceroy of India (645).

France

- July 12—Colonel Alfred Dreyfus dies.
July 14—Paris peaceful in midst of Bastille Day demonstrations (647).
July 17—French Cabinet issues decrees for economies (646).
Aug. 6—Riots at naval arsenal in Brest (647).

Germany and Austria

- July 10—Austrian Federal Chamber wipes out anti-Habsburg laws (651).
July 15—Anti-Semitic riots in Berlin (650).
July 18—Edict issued against political activity of priests.
July 23—Catholic veterans' organization dissolved.
July 26—Dutch Cabinet falls (652).

Italy

- July 22—Italy reduces gold coverage for the lira (653).
Aug. 6—Mussolini mobilizes three more divisions (655).

Eastern Europe

- July 4—Yugoslav Premier issues statement of government's policy (660).
July 10—Polish Parliament is dissolved (659).
July 12—Yugoslav Regent and Rumanian King confer.
July 19—Greek Cabinet falls (657).
July 23—Greek Premier approves conditions for monarchist restoration (658).
Aug. 1—Danzig breaks customs union with Poland (660).

The Soviet Union

- July 12—Belgium recognizes the Soviet Union (664).
July 13—United States and Soviet Union sign trade agreement (663).
July 25—Communist International meets in Moscow (665).

The Near and Middle East

- June 27—Egyptian Nationalists announce support of Nessim Pasha's non-partisan government (668).
July 15—Egyptian Government denounces commercial treaties with Japan and Rumania.
July 29—Palestine manufacturers protest Japanese dumping.

The Far East

- July 1—Soviet Russia protests border incidents to Japan (669).
July 4—Japanese-Manchukuoan note sent to Mongolia (670).
July 20—Japan issues order retaliating against Canadian tariffs (671).

Bigger Navies for All

By ALLAN NEVINS

THE past month has witnessed the complete absorption of international attention in the Ethiopian question. The British abandonment of naval ratios, the new Constitution for India, the visit of the Polish Foreign Minister to Berlin, the progress of Japan in Northern China—all such matters have fallen into the background. (For a discussion of the Ethiopian crisis, see the article on page 577.)

An important debate on naval policy took place in the House of Commons on July 22. Replying to Lloyd George, who had criticized the naval agreement with Germany, the First Lord of the Admiralty reviewed the whole position of naval limitation. He paid tribute to the Treaty of Washington for keeping the peace during fifteen years. But its principle, which was that of ratios, would now, he said, have to be abandoned, for the pride of some countries had been hurt when a naval strength permanently inferior to that of other nations had had to be accepted. Instead, naval limitation must be based simply upon programs. The British Government intended to ask other Powers, "How large a navy do you intend to have, say, in 1942?" On the basis of the replies, the government would try to obtain an agreement upon mutually satisfactory programs. Once the agreement was reached, each nation would be expected not to increase its program without informing the others and consulting with them.

This announcement was not ill

received in the United States. It is as well recognized in Washington as in London that the attitude of Japan has killed the ratio principle beyond hope of resuscitation. Nor is there now much hope in either capital of a hard-and-fast naval treaty, signed by all the great powers, to replace the Washington and London treaties when they expire at the close of 1936. Yet it is evident that the British plan does little to avert the danger of a general naval race, at least among Japan, Great Britain and the United States. In Europe the British Government has safeguarded itself against a race with Germany by the recent 35 per cent agreement. This bilateral agreement, incidentally, has facilitated arrangements with France and Italy. They need only come to an understanding with Great Britain, and they will automatically have come also to an understanding with Germany.

All this was explicit or implicit in what the First Lord said. But will France and Italy prove sweetly reasonable? In the Pacific, will Japan, when queried as to her program, give a reply that the United States considers satisfactory? In the present temper of the world the danger of a rapid expansion of naval armaments seems great. Great Britain herself is likely to insist upon seventy cruisers instead of the fifty now allowed her by treaty.

The German Admiralty announced its naval construction program on July 8, and British experts did not find it excessive. It calls for the build-

ing this year of two 26,000-ton battleships, two 10,000-ton cruisers and twenty-eight submarines. As a matter of fact, some of these vessels were secretly begun last year. The total tonnage is about one-fourth of that which Germany may construct under her new agreement with Great Britain, and, according to Hector C. Bywater, the ship-types chosen show that the new fleet is directed rather against France than England. British

conviction of the government's wisdom in signing the Anglo-German agreement has steadily increased. The fleet, or a larger one, would have been built anyway; and, as Mr. Bywater writes, "its unheralded appearance in the North Sea a year or two hence would inevitably have provoked a dangerous crisis." Now the British are in a position to urge Germany to go slowly with her program, and are doing so.

The New Deal's Rough Road

By CHARLES A. BEARD

ONE phase of American economy revealed a positive direction during the Summer. That was the debt of the United States Government. At the close of the fiscal year on June 30, 1935, the Treasury Department announced a deficit of \$3,575,357,963 and a public debt of \$28,700,892,624. On this day the outstanding obligations were, in round numbers, \$2,000,000,000 above the post-war peak of 1919, and \$8,000,000,000 above the level attained in 1933, the year of President Roosevelt's inauguration. The increase of the public debt for the year ended June 30, 1934, was \$2,938,511,153, according to the President's budget of January, 1935.

On this showing one decided upturn appears on the horizon. If uncertainty reigns everywhere else, there can be no doubt in this department: If the trend continues a crisis will come in American finances and call for the most drastic action ever taken in the long history of the Treasury. Only the inflationists and prophets of disaster could possibly welcome

that phase of our manifest destiny.

Yet if President Roosevelt, or any of his supporters in Congress or outside, was alarmed by this evident trend, carrying inexorable consequences, no signs of qualms were made public. Accepting at face value the President's June tax message proposing to levy on "very large" incomes, inheritances and corporations, the Ways and Means Committee of the House on July 30 reported out a new revenue bill. This measure started the increase in income taxes in the bracket ranging from \$50,000 to \$56,000 a year. It included new inheritance taxes beginning lower in the scale, a graduated corporation tax, an excess-profits tax and a new gift tax. In letter and spirit it was designed to increase the burdens laid on rich individuals and large corporations, and not primarily to produce large revenues to meet the mounting debt. According to the estimate of the Ways and Means Committee it would yield about \$270,000,000 in returns to the Treasury. The Demo-

cratic machine ran over all opposition, and the bill, with a slight modification, was carried on Aug. 5 by a vote of 282 to 96, with 18 Republicans on the affirmative side. Then the Senate was given its chance.

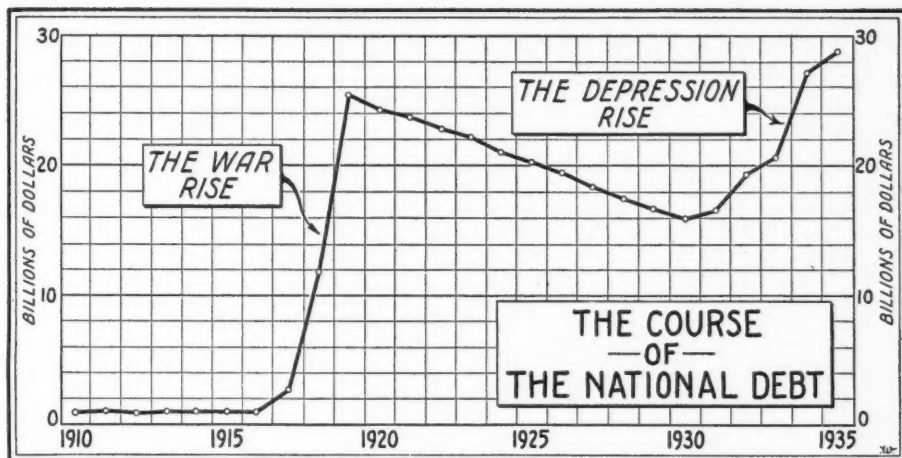
On the day that the Ways and Means Committee transmitted its proposals to the House, the Republican minority of the committee presented its dissent. It declared that the Democratic measure bordered "on the point of actual confiscation," yielded only enough revenue to run the government for about two weeks, and, as a scheme for redistributing wealth, offered about \$2.25 to "each of our 120,000,000 people." But beyond hinting at "a thorough revision of the tax structure," the Republican minority offered no constructive program. Nor in the course of the debates in the House did Republican leaders support efforts to broaden the base of the majority bill in a manner to produce a material increase in revenues. If, as alleged, "frivolity" characterized the administration program, then "ineptitude" marked the statesmanship of the Republican opposition.

At press conferences during the preparation of the "revenue" bill President Roosevelt continued to emphasize his desire to limit the taxes to "very large" incomes, inheritances and corporations. At one conference he referred pointedly to the fact that in 1932 fifty-eight persons who had incomes of \$1,000,000 or more paid no tax on 37 per cent of their receipts on account of the tax-exempt securities which they held. He referred specifically to one family that had divided its holdings into 197 trust funds for the purpose of reducing its tax burdens. Then, as the news report ran: "Laughingly, he proffered a distinction in terms: Tax evasion be-

comes tax avoidance when a wealthy man hires a \$250,000 lawyer to change the word evasion to the word avoidance." It would seem then that the President was light-hearted on the point of revenue and deficits, and bent on forcing those with "very large" wealth to disgorge larger amounts than under previous legislation.

While this display of fiscal policy was being made reporters and editors found difficulty in trying to chart the President's course. His supporters assumed that he knew where he was going and was ingeniously tacking and trimming sail for the purpose of disconcerting his foes—the Republican right and the Long-Townsend-Coughlin left. Outspoken Republican critics conceded the purpose and characterized the tactics as "demagogue politics" rather than a display of "ingenuity." It was manifest that President Roosevelt, like his distant predecessor Andrew Jackson, cherished a deep resentment against "the very rich," and was seeking to diminish their power, in the Jacksonian manner, by a direct assault on them, without formulating any policy for dealing with the enormous concentration in economy with which the rich were affiliated. That could be called strategy of some kind or merely the outcome of a deep-seated belief in "the curse of bigness," akin to that of Jackson and his spiritual heirs—the trust-busters. If the analogy of Jackson was applicable, then the long-time upshot of such negation could not be doubted.

A negative attitude toward "the curse of bigness" likewise appeared in the course of public policy respecting great railways in the toils of "reorganization." One branch of the administration, the Reconstruction Finance Corporation, under the direction of Jesse Jones, for a time made stren-



uous efforts to get a few of the lines, notably the Western Pacific and the Missouri Pacific, upon their feet by cooperating with the groups formerly in control. New plans were announced almost daily.

One of these, prepared by the Van Sweringens for the Missouri Pacific, appeared on July 31 in the form of a project laid before the Interstate Commerce Commission. The scheme proposed to keep intact a vast system composed of many fragments, and to retain in the hands of the sponsors a large share of the supremacy which they had long enjoyed. To the bondholders the new plan offered all the priority of claims justified by the present earnings of the company. But it was immediately assailed by one group of bondholders who wished to scale the Van Sweringen interests downward, and by another group who demanded the complete expulsion of those interests from control over the property. Yet neither of the two groups presented any constructive counter measures. Thereupon Burton K. Wheeler, chairman of the Senate committee charged with the coming investigation of railways, called upon the Interstate Commerce Commission

to delay the approval of reorganization plans until his inquiry had disclosed the nature of previous railway practices. About the same time Mr. Jones, speaking for the RFC, was reported to have thrown up his hands in despair.

At this deadlock the policies of the administration had arrived as the Summer days passed. Were the great railway systems in distress to be resolved to bits again, according to the theory of the curse of bigness? Or were they to be kept intact and knit more closely in a rational system of national transportation? If the latter policy was to be pursued, then to whose hands was the task to be committed? To bankers who had hitherto played a leading rôle in the financing and reorganization of railways and as a matter of practice had charged heavily for their operations? If bankers were to be driven out, then who was to furnish the capital and reorganizing talent?

Scattered and inexperienced bondholders, distressed by defaults and losses, seemed to offer no constructive scheme of action, despite all the talk about the "rights of investors." In such circumstances financial ex-

perts awaited with marked interest the investigation to be conducted by Senator Wheeler's committee. The interest was all the keener because it had long been known that Senator Wheeler was an outspoken champion of government ownership. Could an administration shrinking from all contact with the curse of bigness lend effective support to any railway program that might seek squarely to answer fundamental questions long evaded, and lead in the direction of more consolidation and government control—indirect through financing or direct through public ownership?

Nor did that other spectre of bigness, codified industry, disappear from the scene after it was knocked on the head by the Supreme Court in the NIRA case, any more than the issue of 1857 vanished with the obiter of the Dred Scott case. Through the following weeks persistent reports of its existence appeared in the economic news. On July 11 the surviving fragment of NRA reported "wholesale wage reductions, a lengthening of working hours, and a breakdown of labor standards and fair practices on a nation-wide scale." By the middle of the month at least 170 industries had approached the Federal Trade Commission with a view to writing trade agreements or holding conferences on the subject. On July 19 the Wholesale Tobacco Distributors and the commission agreed upon the principles of the first voluntary code drawn up after the Supreme Court decision in May. This event was followed shortly by the announcement that President Roosevelt had held a conference at the White House on two items: (1) The delegation of supervision over labor provisions in voluntary codes to NRA or FTC; and (2) the liability of code makers to prosecution under the anti-trust laws for

adopting hour and wage provisions. On Aug. 2 the directors of the American Petroleum Institute received from a committee the draft of a proposed "voluntary code of fair practices for marketing petroleum products," and voted to lay it before the industry for consideration. These reports were accompanied by the news that steps were being taken toward a more vigorous enforcement of the anti-trust acts.

Parallel with deepening confusion in Federal policies ran the same kind of improvisation in administration. The shifting and turnover in administration which appeared late in 1933 continued during the Summer of 1935. For example, after serving for two months as head of "the new NRA," James L. O'Neill laid down his office and returned to the Guaranty Trust Company in New York City. Again, a shameful political squabble in the administration of the Virgin Islands was resolved by the retirement of the two chief contestants, Paul M. Pearson and T. W. Wilson, to comfortable jobs in the Federal administration in Washington. To make room for the latter, Dr. Amy N. Stannard, a competent specialist in criminology, was ousted from the Federal Parole Board for alleged reasons too trivial for serious consideration. At a time when the added functions of the government called for administrative competence of the highest order the distribution of Federal offices was carried on by methods made famous in the reign of Amos Kendall and Martin Van Buren.

On the operating side the improvisation of the administration was revealed in the course of the work-relief program. Between the adjournment of Congress in 1934 and the opening of 1935 it was clear that some kind of operating system would

be required if no one was to starve. When Congress met in January, 1935, President Roosevelt delivered a spirited message demanding an end of the "dole" and a blanket appropriation of nearly \$5,000,000,000 to provide work. At the time he made public no details touching specific outlays or operating methods. For months Congress wrangled over his bill and finally passed it substantially as he had proposed.

Meanwhile, had the administration been perfecting plans for action? The state of things in July, 1935, made answer. On July 3 Harry L. Hopkins, Works Progress Administrator, confessed that "not a single man" had been put to work on the new program, although about 100,000 projects were ready to start. The following day this confession was revised by the statement that "a few hundred men" had been employed on four jobs—two for the War Department, one for the Department of Agriculture eradicating pests in New England and the fourth at Passamaquoddy in Maine. Near the end of the month the Federal relief headquarters in Washington admitted that it had "no official figures" of the number actually employed under the work-relief program. "Some officials" were quoted as saying that the number was "very small." The day for "the major start" was then fixed as Nov. 1, and the delay was ascribed to the need for planning "soundly."

The practice of pouring out millions for direct relief had in the meanwhile been continued. It was mainly in the enlargement of the CCC that direct relief was diminished, by the addition of about 400,000 young men to the camp rolls. At the middle of July it was announced

that President Roosevelt was making "plans" for work relief during the fiscal year ending June 30, 1937.

Toward the close of July a preliminary estimate from the Works Progress Administration indicated that \$1,500,000,000 in round figures had been allotted from the total \$4,800,000,000 for various approved projects, and that this sum would furnish employment for approximately 1,127,000 persons out of the 3,500,000 employables for whom work was promised by the President's January message. The same estimate revealed an assignment of nearly \$1,000,000,000 for direct relief under FERA during the remainder of the present fiscal year. This unexpected item showed that the administration had in fact abandoned the earlier scheme for ending the dole and providing work, and was preparing to continue the policy of keeping up poor relief on a large scale. Although generous provisions were made in the assignment of funds for the assistance of youth, rural rehabilitation, rural electrification and housing, the difficulties of getting under way threatened the country with long delays at a time when Federal expenditures were supposed to furnish a needed stimulus for private business.

The sensation of the late Summer season was the investigation of utility lobbies that followed the defeat of the "death sentence" provisions of the Holding Company Bill in the House (see August CURRENT HISTORY, page 520). Owing to the charges and counter-charges which accompanied that explosion, separate inquiries were immediately started by committees of both chambers. Since the House had defied the administration, its committee was naturally interested in exposing "improper" influences brought to

bear upon its members by spokesmen of the President.

Early in the controversy Representative Brewster of Maine charged Thomas Corcoran of the RFC with threatening to stop a great Federal power project in Maine unless he voted with the administration. The very suggestion, declared Mr. Brewster, "is repugnant to every instinct of decency in legislation and proper regard for our constitutional oath of office." At a House committee hearing on July 9 testimony was advanced to the effect that Representative Brewster had once given the administration's agents to understand that he would vote for the "death sentence" clause and support it strongly on the floor, and later under powerful pressure from some quarter had decided to vote the other way. The administration "threat" against Mr. Brewster appeared to be a suggestion that he would not be a desirable counsel for the Federal Government on the Maine power project if he was out of sympathy with President Roosevelt's power program. Amid much tumult, in which hot words were passed, the matter simmered down to a question of veracity, in which the weight of evidence, if not conclusive, was on the side of the administration.

For the other end of the Capitol a Senate committee headed by the swift-acting and indefatigable Senator Black of Alabama took the opposite line. The Senate had approved the "death sentence" clause by a narrow margin, and the majority in that body was interested in the lobby conducted against the bill by the utility interests. With startling suddenness the Senate committee seized the papers of Philip H. Gadsden, chairman of the Committee of Public Utility Executives, at his hotel in Washington and

brought Mr. Gadsden up for questioning. Touching the matter of lobby expenditures, Mr. Gadsden testified that he had spent about \$150,000, supplied by twenty-six holding companies, in working up sentiment against the Holding Company Bill, and that \$150,000 in addition had been disbursed for lawyers' fees. Save in respect of details nothing new in the way of methods was added to the revelations presented in the many-volume report of the Federal Trade Commission on propaganda by electrical concerns. With customary impartiality the utilities employed eminent Republicans and eminent Democrats, including Patrick J. Hurley, President Hoover's Secretary of War, and Joseph P. Tumulty, President Wilson's White House Secretary, in "contacting" Congressmen and educating the American public.

A departure from previous methods of investigation was made on July 31 when President Roosevelt, by Executive order, amended the Treasury rules to permit the Senate committee to examine the files of income tax returns in its search for the roots of utility propaganda expenditures.

Nevertheless, if the administration and its supporters on the Senate committee of inquest expected to reverse the opposition of the House to the death sentence provision, they were disappointed. Representative Rayburn, sponsor with Senator Wheeler of the Holding Company Bill, raised the issue on the floor of the House on Aug. 1 by making a motion to instruct the House members of the joint conference committee to accept the original Senate death sentence provision. The challenge was taken up by Representative Huddleston, a Democrat from Alabama, and a vitriolic debate ensued. At the close the House rejected the Ray-

burn proposition and then gave the administration another rebuff by voting to instruct its conferees to insist upon the exclusion of "outsiders" from the joint conference—a blow aimed at a government expert who had been sitting in committee meetings as an adviser. The vote cast by the House against the death sentence provision was slightly higher in percentage than the original vote on July 1: The Democrats were about equally divided and the Republicans were almost solid in their opposition to the administration measure. In the dust of the conflict was obscured the fact that the Holding Company Bill actually accepted by the House contained drastic provisions. After hearing that the House had voted down the administration program Senator Wheeler made a cryptic remark to the effect that a compromise might still be reached.

Although the investigation of utility lobbying seemed to overtop all other interests, the issue of a constitutional amendment to sanction national social and economic legislation displayed vitality. After strongly hinting at it in his conference with the press following the decision of the Supreme Court in the NIRA case, President Roosevelt seemed inclined to let it rest. But both events and opinions kept it alive in national thought. Decisions of lower Federal courts accentuated it. On July 2 Federal judges at Indianapolis and Columbus, Ohio, issued injunctions restraining the collection of processing taxes for AAA. On July 19 Federal judges at Houston, Texas, and Newark, N. J., held vital parts of AAA unconstitutional and void. On the same day a Federal judge at Sherman, Texas, issued a restraining order against the collection of the cotton processing tax. On July 17 a Federal judge at Philadelphia declared unconstitutional the whole processing tax.

These were actions in district courts. The supreme blow was struck on July 16 when the Federal Circuit Court of Appeals at Boston declared, two to one, that the processing tax levied by the Secretary of Agriculture under AAA was unconstitutional and an improper delegation of legislative power. By the language used the majority of the court indicated that every essential element in AAA was void and that Congress had no power whatever to interfere with agricultural production and marketing beyond the mere regulation of goods in motion in interstate commerce.

While the agrarian section of the New Deal program was being shot to pieces in Boston the housing section was going down in ruins at Cincinnati. On July 15 the Federal Court of Appeals for that district, by a two-to-one decision, held that the Federal Government had no power to condemn land for low-cost housing. The language of the court was familiar and positive: "The taking of one citizen's property for the purpose of improving it and selling it or leasing it to another, or for the purpose of reducing employment is not in our opinion within the scope of the powers delegated to the government." Somewhat dismayed by the adverse decision, Secretary Ickes found one avenue of the work-relief program blocked and sought anxiously for some other line of advance.

With NIRA gone, AAA in mortal peril, the housing reform hampered, the New Deal seemed to be shattered to its foundations. Its sponsors found only one major source of consolation amid the gloom. On July 17 the Federal Circuit Court of Appeals at New Orleans, in a unanimous opinion, upheld the constitutional right of the Tennessee Valley Authority to sell its surplus power in competition with

private utilities. In so doing it reversed the decision of Judge Grubb of the Northern Alabama Federal District Court. Although hailed as a victory for TVA, the New Orleans opinion, when closely scanned, revealed strict limitations. The court said flatly that the Federal Government could not at will engage in private business but could merely sell goods that came into its possession as an incident to the exercise of powers in relation to war and commerce.

While the lower Federal courts were at work on the New Deal, President Roosevelt indicated clearly that he intended to press forward with other phases of his program in spite of the fate apparently impending. In an open letter to S. B. Hill, chairman of the House committee in charge of the Guffey-Snyder Coal Control Bill, he pointed out the distress of the coal industry and urged the passage of the bill despite constitutional objections brought up against it. In a sentence that might be taken by purists as containing "asperity" and a reflection upon the Euclidian exactness of constitutional law, the President said: "Manifestly, no one is in a position to give assurance that the proposed act will withstand constitutional tests, for the simple fact that you can get not ten but a thousand different legal opinions on the subject." He then remarked that it would be "helpful" to get the judgment of the Supreme Court on the matter with a view to finding out "the constitutional limits within which this government must work." Then he closed: "I hope your committee will not permit doubts as to constitutionality, however reasonable, to block the suggested legislation."

Although President Roosevelt's

statement was mild, indeed innocuous, as compared with things said about the Federal judiciary by Abraham Lincoln and done by Republican Congresses under his administration, although it was sweet-spirited in contrast to remarks on the same point by Theodore Roosevelt, a storm broke on the Republican side. Representative Snell, the Republican leader in the House, hinted at impeachment. He declared that "the constitutional limits within which the government must operate long have been clearly defined," that President Roosevelt knew these limits, and yet to satisfy his "whims" he would proceed on the road to ruin. "In pursuing this headstrong course," continued Mr. Snell, "President Roosevelt has come perilously close to what some people call impeachable grounds." Senator McNary, Republican leader in the Senate, avoided mentioning impeachment, but exclaimed that his party was prepared to meet President Roosevelt in the next campaign on the constitutional issue, perhaps with Senator Borah as the candidate.

Convinced that the New Deal was headed for the rocks, Republican forecasters made ready to occupy the wreckage. They found confirmation of their optimism in a Congressional by-election in Rhode Island on Aug. 5 when victory was awarded to the Republican candidate, who had promised a reduction of Federal expenditures and immediate payment of the \$2,000,000,000 bonus. The triumph suggested to a few Republican sentinels in Washington the idea of nominating Colonel Charles Lindbergh for the Presidency in 1936 on the assumption that America had at last become air-minded. To this conception of statecraft had national leadership come as the Summer season drew to a close.

Canadian Campaign Issues

By J. BARTLET BREBNER

THE Canadian Parliament was prorogued on July 5 in a mood of bored exhaustion. As a general election is due before the next session and defeat seems certain for the Conservatives, many members felt that they were saying good-bye to Ottawa. Prime Minister Bennett practically conceded a Liberal victory in his last remarks to the House, although he heartened his followers somewhat by telling them that he would rather die in harness than quit now. The Prince Edward Island election on July 23 had been the last straw, for the Liberals swept the Conservatives not only out of office but completely out of the Legislature. His Majesty now has no loyal Opposition in Prince Edward Island, an unprecedented state of affairs.

Two days after prorogation, H. H. Stevens, the former Cabinet member who split the Conservatives, announced that he had accepted leadership of what was subsequently named the Reconstruction party, thereby converting the general election into a four-cornered struggle. Liberals and Conservatives, as well as members of the Reconstruction party and Cooperative Commonwealth Federation, at once hastened to put their programs before the Canadian people, only to reveal that there was little difference among the first three. The C. C. F. alone had the courage to assert that it hoped to meet Canada's difficulties by State socialism.

Mr. Bennett's Conservatives were in a bad way. Vigorous economic nation-

alism had failed as an instrument for fulfilling the promises made in 1930 and 1931 to abolish unemployment and blast a way into the markets of the world. Mr. Stevens had split the party from top to bottom in 1934 by his attacks on big business; and although Mr. Bennett had temporarily recaptured his thunder by eloquent radio promises of sweeping social and economic reforms, the ensuing legislation had been timid and permissive rather than authoritative. Business and industry were switching allegiance to the Liberals; indeed, the Conservative *Montreal Gazette* was more friendly to them than to Mr. Bennett. July was passed, therefore, in finding safe and well-paid positions for the late Conservative stalwarts as Commissioners, Deputy Ministers, judges and Senators. Although the Liberals seem likely to win a majority in the Commons, their thirty-two Senators will have to face sixty-four Conservatives in the upper house, where death takes a slow and even toll from the elderly brakes on Canadian democracy.

No one could estimate Mr. Stevens's strength, although it was obvious that he appealed chiefly to small business men. He had no organization except the improvised Stevens Clubs, no funds except what his followers could collect in the few weeks before election, and no nationally known names among his followers. The United Farmers of Ontario, an organization which governed that Province from 1919 to 1922, but which later surrendered complete autonomy to its

organizations in the ridings, "commended" the Reconstruction party to its members on July 14. But the U. F. O. in turn was an uncertain quantity, for when its executive broke away from the C. C. F. in 1934 no one knew whether the rank and file followed it.

Mr. Stevens's 4,000-word manifesto of July 12, followed by a pronouncement on the railway problem, was a sweeping bid to the discontented. Careful to defend democracy and private enterprise, he centred his attack on the "handful of men" who dominate Canada economically. He would decentralize power and wealth. The fifteen points of his program applied that formula in dealing with poverty, unemployment, distribution of goods, highway construction to attract tourists, reforestation, elimination of grade-crossings, housing, wage and hour regulation, lower interest rates, increased gold production, nationalization of the Bank of Canada, simplification of taxation, national controls of industry and marketing, reciprocal trade treaties, and so forth. He would systematically exhaust Dominion powers before amending the Constitution. He would write down the Canadian National Railways' capital structure by appraisal of its assets, transfer the remaining obligations to the national debt and build up the system by increased traffic and operating efficiency.

By outdoing President Roosevelt at his 1933 best, Stevens left very little for any one else to say. His natural competitors in the C. C. F. refused to be impressed. Their constituent United Farmers of Alberta poked fun at their late brothers in Ontario. In contrast to past efforts, the C. C. F. manifesto issued on July 15 was brief and to the point, bluntly setting up the abolition of capitalism against mere reform—

"nothing less than the establishment of a planned and socialized economic order." To reach this end the party proposed adequate social legislation to provide a decent life for all, nationalization of finance and credit, public works to reduce unemployment and amendment of the Constitution to permit "a new social order."

Mackenzie King and the Liberals, although cocksure of victory and hitherto consistent in their refusal to commit themselves, were smoked out of their comfortable hive by Bennett's legislation and by the two manifestoes. Mr. King, in three radio addresses at the beginning of August, was forced to go further than a mere recital of Conservative inadequacies. He did so in traditional Liberal terms of low tariffs, free competition and personal liberty. Of course he also had to attack the privileged minority of wealth and power, but "free competition" must have sounded sweetly and strangely in their ears. Still more congenial to them was "recovery before reform," the theme of the last address. Mr. King would increase British preference, lower tariffs generally by abolishing the various administrative surcharges now existing, completely nationalize the Bank of Canada, give Parliament authority over Mr. Bennett's various national social and economic boards and commissions, continue the national railways as a separate entity, and relieve unemployment by public works, slum clearance and housing. He would end the Conservative practice of conferring unspecified powers on the executive, and would eliminate from the Criminal Code the limitations on freedom of speech and assembly.

CANADA AND WORLD WHEAT

Canada's foreign trade, and indeed most of her economic indices, suf-

ferred a marked recession during June for the single reason that the world would not pay the government's set price for Canadian wheat. Exports in June, 1935, were 6,500,000 bushels in place of 18,500,000 bushels in June, 1934. When the amended Wheat Bill, with its obvious intention of selling as much as possible of the 195,000,000-bushel carryover, was passed by Parliament on July 5, the wheat markets at Chicago, Liverpool and Buenos Aires broke violently and the price at Winnipeg dropped to the pegged 80-cent level. Mr. Bennett was quick to deny that there would be any "fire sale" of Canadian wheat, and word went out that the new board would sell in an orderly manner, taking advantage of the 61-cent British preference and of the superior qualities of Canadian wheat. But this had little effect. The pegged Canadian price was still too far above the open Liverpool market.

Relief began to come in an unforeseen way. Early in July rust, which had already been noticeable in the United States, was detected in Southern Manitoba. Under favorable weather it spread rapidly on both sides of the international boundary. Average private estimates of the Canadian crop fell from the 400,000,000 bushels of June to 290,000,000 bushels early in August. By mid-July Canadian exports began to pick up a little, although the visible supply at the end of the month was still 192,000,000 bushels. Prices rose rapidly everywhere, though least of all in Winnipeg—an indication that the government was willing to unload at almost any price above 80 cents. Since the rise in Chicago was less than expected, Canadian wheat was apparently climbing over the 42-cent American tariff wall. Statistics of the movement

were lacking, but it was distinctly comforting to have the Winnipeg level 3 or 4 cents above the set minimum at which it had hitherto been impossible to get rid of the last year's crop.

The visit to Ottawa of J. A. Lyons, Prime Minister of Australia, was the occasion of long discussions on the trade between the Dominions, in which Canada has so large an active balance.

THE RELIEF PROBLEM

Determined efforts to march on Ottawa made by the unemployed under instigation from the rebellious single men in the labor camps were harshly and effectively checked during July, partly by geography and the heat, partly by the police. Leaders of the marching groups were arrested. Scores were pulled off freight trains and put into jail. Others accepted transportation back to their homes or to the camps. Dominion authorities, it was clear, were determined to put a stop to the movement.

Provincial authorities in some cases quarreled with Ottawa over this policy, although during July several Provincial Prime Ministers felt sufficiently warranted by public opinion to strike single unemployed men from the relief rolls and even to confront heads of families with the alternative of helping with the harvest or going off relief. In Ontario the whole relief system was returned to the municipalities with assistance from the Province on a per capita basis. These moves caused widespread unrest, but apparently until the year's farming operations were over efforts would be made generally and rather arbitrarily to lighten the intolerable burden of unemployment relief.

Cardenas Triumphs in Mexico

By HUBERT HERRING

THE retirement of Plutarco Elias Calles from the centre of the Mexican stage in June was variously interpreted. It was said that Calles had beaten a strategic retreat, that he would shortly appear with reinforcements, that President Cardenas was too weak to hold the advantage, and that Mexico would shortly revert to her former submission to the veteran chief. Events in July, far from bearing out these prophecies, revealed a vigorous leadership on the part of the young President of Mexico, a bold attack upon outstanding political abuses yoked with a succession of politically sagacious strokes. For the first time since 1928 Mexico has a President who claims the right to rule. The recognition of this fact brought surprised delight.

President Cardenas, having thrown down the gauntlet to Calles in June, promptly took his case to the country. He traveled constantly in June and July, by train and on horseback, meeting with groups of agrarians and industrial workers, rallying them to the defense of his "New Deal," listening to their complaints against the working of the labor and the agrarian laws and promising swift correction of abuses. As a result, by the end of July President Cardenas possessed the backing of the nation's industrial and agricultural workers to a degree not matched since President Calles's leadership was at its height in 1925. President Cardenas insists that he takes his mandate from the workers.

July witnessed the outbreak of a

struggle between State and Federal Governments. Mexican State Governments have been notoriously corrupt. Ostensibly State Governors are elected; actually, they have been placed in power by the National Revolutionary Party, that is to say, by Plutarco Elias Calles. The political revolution in June, with its displacements in the Federal offices, left the State Governments untouched. It soon became obvious that the real test of strength between the government of Lazaro Cardenas and the unrepentant followers of Calles would be over the State Governments. Rumors of revolt began to sound early in July.

The first place at which the lightning struck was the tropical State of Tabasco on the southern circle of the Gulf of Mexico. This was at once the most vulnerable of the Callista strongholds, and the most spectacular in its political implications. Tabasco has had a dictator for almost fifteen years, Tomas Garrido Canabal. Garrido has become a household name for terror and desolation. He waxed rich through his industrial and agricultural alliances; he banished the saloon so that his workers might produce more profits, and banished the church for reasons unexplained. He built up a neat little Fascist army of his own, the Red Shirts, which enforced his own peculiar code of morals and manners. He made life so dangerous for his political opponents that they were forced to settle elsewhere.

A closely knit colony of Tabascans settled in the national capital and con-

tinued their schemings to win back Tabasco to constitutional order. But Garrido was a devoted follower of Calles, and so long as Calles stayed in power, Garrido was untouchable. Calles forced Garrido upon Cardenas last December, and the dictator of Tabasco became Cardenas's Minister of Agriculture. The political overturn of June was almost as much anti-Garrido as it was anti-Calles. In July, with Garrido retired to his Tabascan haciendas, Tabasco became the finest test case of strength between the Cardenistas and the Callistas.

Good government morals and sagacious politics made this opera bouffe villain an excellent target. Labor hated Garrido, for he flaunted the labor provisions of the Constitution. The agricultural workers hated him, for he had never given more than lip service to the agrarian laws. Above all others, the loyal Catholics hated him. He had expelled all priests by the simple device of ordering them to marry. He had, during his stay in Mexico City, used his Red Shirts to attack priests and loyal Catholics. Garrido was the sacrificial goat furnished by a devout fate for President Cardenas's knife. By wielding that knife, Cardenas could dramatically prove his intention to be fair to industrial workers, peasants and Catholics.

Garrido played into the hands of the President without delay. On July 14 a delegation of twenty Tabascan students from the University of Mexico arrived by plane in Villahermosa, the capital of Tabasco, bent upon organizing political opposition to the power of Garrido. They were met by Garrido's Red Shirts, who opened machine gun fire. Three of the young men were killed, several were wounded. The news spread like wildfire. In Mexico City thousands of uni-

versity students and their friends began to march. Stores were closed for the demonstration. In Guadalajara, Puebla and other strongholds of Catholic sentiment the streets were jammed with protesting crowds.

Cardenas, after a week's wait, moved against Garrido. He removed the Governor of Tabasco, Garrido's man, ordered the breaking up of the Red Shirts, supplanted the military commander in Tabasco and named a Provisional Governor for the State. All this was carried through with vigor and dispatch. Cardenas by the end of July had showed himself completely master of the most unruly region of his domain.

The month also saw the gathering of rival forces in at least four other States of Mexico—Tamaulipas, Queretaro, Sonora and Colima. In each case, as in Tabasco, it was a Calles-Cardenas issue. Back of the personal issue was the roused strength of the agrarian and labor forces which are striking out against what they deem to be the conservative tendencies of the Calles-dominated régimes. In Tamaulipas 20,000 peasants marched against the capital of the State demanding the Governor's resignation. In Queretaro the Governor of the State was accused of the murder of a political opponent, Enrique Rio, and the Federal Department of Justice instituted proceedings against him.

These movements in the several States had diverse patterns, but they shared the same political complexion. They were directed against Calles and the followers of Calles. They also shared the same economic shading. There is an increasing vocal determination to give substance to the "socialistic" platform of the Constitution. Beneath all, there is a stubborn determination to clean up the governmental service. The cynical will

discount this, but there is reality in it.

The tension between church and State was considerably relieved during July. To be sure, President Cardenas announced early in the month his firm intention to enforce the church laws, but the announcement was interpreted as an answer to critics of his administration. There was also a lifting of the censorship on attacks upon the government and the removal of the proscription against mailing such material. Early in the month a proclamation of amnesty was issued for those who have been forced to seek asylum outside the country because of their political or religious views. These actions are all straws in the wind, indicating a change in official temper.

President Cardenas, in the course of his travels through the State of Colima, received a delegation of Catholic women, heard their complaints against the working of the church laws in that State and followed it up by urging the Governor of the State to hold open hearings on the church issue. The actual concessions involved may not be great, but they represent a change of mood from the bellicose days of Calles. President Cardenas insists that all elements in the population must be given a fair hearing, and that represents substantial gain. Beyond all else, the tension over religious issues was immeasurably lessened by the firm attitude taken toward Garrido Canabal. Loyal Catholics believe that the government took advanced ground for decency in eliminating that arch-enemy of the church. By the end of July there was manifest in Mexico a much augmented faith that a way out of the impasse would soon be found.

The bitter political animosities engendered by the clash between Calles

and Cardenas force the President to walk warily. He cannot deal as liberally as many who are close to him aver that he would. But there is apparent throughout Mexico, and especially in such strongholds of Catholic sentiment as Puebla and Guadalajara, a tendency to permit the restrictive ordinances to go by default. More priests than allowed by the letter of the law are functioning and quite openly. Loyal churchmen are breathing more easily.

President Cardenas has shown his puritan temper by closing the great gambling establishments, not only in the vicinity of the capital, but in the northern border resorts. On July 22 he issued an order which closed gaudy Agua Caliente as well as the meaner dives of Tia Juana. This was another direct thrust at the men close to Calles, especially ex-President Rodriguez, who had created Agua Caliente as an oasis for Americans. It has been asserted that several of the men close to Calles had been interested not only in these border resorts but also in the casinos of Mexico City and Cuernavaca, which were closed earlier in Cardenas's term of office. Not content to attack gambling, President Cardenas on Aug. 1 made a speech which is interpreted as opening a campaign for vigorous control of alcohol. The President is a conscientious foe of liquor of high alcoholic content, and it is expected that he will attempt to write his convictions into law.

THE CHACO PEACE CONFERENCE

Representatives of seven South American countries—Argentina, Bolivia, Brazil, Chile, Paraguay, Peru and Uruguay—and of the United States—opened the Chaco Peace Conference in Buenos Aires on June 30 and undertook their delicate task of giving substance to the protocol signed between Bolivia and Paraguay on June 12. The

atmosphere under which the conference opened and in which it continued stood in marked contrast to the strain and suspicion which marked the earlier negotiations. The protocol once signed, the will to peace developed rapidly. Genuine fraternal interchanges between the representatives of the warring powers became matter of fact. All seemed agreed that a resumption of hostilities was impossible.

The first act of the conference was to extend the truce between the two countries until such time as the rival armies are reduced to a maximum strength of 5,000 effectives. This act virtually constituted an end to the war which lasted three years and took a toll of more than 100,000 lives. The conference decreed that the truce should last until all the provisions for security under clause three of the protocol should be fulfilled: The demobilization of the two armies within ninety days; the reduction of armies to a maximum strength of 5,000; the proscription on the purchase of war materials for any larger army than was thus provided; and the definite and final abstention from further aggression.

While the negotiations were being carried on in Buenos Aires, the neutral military mission was already at work in the Chaco, destroying barbed-wire entanglements and trenches, demobilizing the rival armies, opening up roads connecting Santa Cruz and the Bolivian oil fields, and restoring farms in the contested area to evicted Bolivians. These highly delicate operations continued throughout July, and seem to have been conducted with the minimum of friction. By the end of July Paraguay had released 10,000 prisoners of war, waiving her legal right to hold such prisoners until the peace conference should have reached a final decision.

One of the large elements of uncertainty has been the political situation in Bolivia. Provisional President Tejada's mandate was scheduled to expire on Aug. 15, and on July 22 he intimated that it might be necessary to ask for an intermission in the peace negotiations until it became clear what would develop internally. The death of ex-President Daniel Salamanca helped to clear the air, as he was viewed as a possible contestant for power. On Aug. 2 the Bolivian Chamber of Deputies, after five days' debate, voted to extend President Tejada's term for one year. This served to quiet talk of any interruption in the Buenos Aires negotiations.

The Bolivian internal situation continues, however, to hold a threat to the peace negotiations, for it is questionable whether Tejada holds a sufficiently strong position to enable him to commit his country as issues arise and decisions must be made.

ARGENTINA'S JUMPY NERVES

The somewhat autocratic régime of President Augustin P. Justo had during July a bad attack of nerves. Two incidents brought this into high relief. On July 19 a decree put all newspaper correspondents and news agencies under heavy cash bonds, and provided for a strict control of all outgoing news by the Federal post-office authorities. Under the terms of this decree cash bonds ranging from 5,000 to 50,000 pesos must be deposited (the peso is currently worth about 26 cents); correspondents must keep a complete file of all dispatches for the inspection of the authorities, and the threat of disqualification is held over any correspondent who sends "news that is false or contrary to public morals or public order or tending to disturb public opinion or that discredits the country."

The decree was met with scorn by *La Nacion* and *La Prensa*, the two exceedingly able Buenos Aires dailies. The only newspaper support for the decree came from Fascist newspapers. Several foreign newspapers, including *The New York Times*, and one of the news agencies announced that they would move their offices to Montevideo if the decree were enforced. The Justo government seemed much surprised at the storm raised, and by Aug. 1 showed signs of repentance.

Another incident also revealed nervousness. On July 23, in the course of a debate in the Argentine Senate on proposed curbs on foreign meat packers, Senator Lisandro de la Torre made charges against Minister of Agriculture Duhau and Minister of Finance Pinedo. The Senator claimed the Justo administration was in league with the foreign packers to the detriment of Argentine producers and consumers. At this point shots were exchanged, one Senator was killed, and two, including the Minister of Agriculture, were wounded. The incident produced something of a political crisis with the resignation of the two Ministers, a highly dramatic and inconclusive duel and a storm of criticism of the government. It served to bring to the surface the widespread conviction that the Justo government serves the interests of the small land-holding group.

OPTIMISM IN PERU

Peru on July 28 celebrated the 114th anniversary of her national independence. The reports from that country indicate that Peruvian business is enjoying good days. Peru has not suffered during the depression in the same degree as have countries with less diversification of products. She has held a secure market for her

sugar and petroleum in Chile, and for her cotton in England. As the world's third producer of silver, she has profited from the American policy on that metal.

Both Great Britain and the United States have anxiously watched the inroads made by Japan on the textile business of Peru. President Benavides on July 13 issued a decree placing imports of cotton goods on a quota basis under which Great Britain is allowed 845,000 kilos, the United States 476,000 kilos and Japan 204,000 [the kilogram equals 2.204 pounds]. This is taken to represent the firm intention of the present Peruvian Government to cooperate more fully with Great Britain and the United States.

A further step in diversification is being considered as the result of recommendations made by an Italian commission. This commission, instigated by the Banco Italiano of Lima, has made a study of the potential wheat-producing areas in Peru, and recommends that Peru greatly extend its wheat fields.

The political situation remains complicated. President Benavides is a dictator of quite moderate turn of mind. His love of peace was revealed in favorable light in the Leticia settlement. He represents, however, the conservative business forces almost exclusively, and there are large elements increasingly restive under his rule. Peru remains thoroughly feudal in character. The land is owned in great blocks by a small fraction of the people, and the lot of the Indian proletariat is not happy. The Apra party unquestionably represents the sentiment of a great section of the population, but at present its chief leaders have been driven under ground by the repressive tactics of the Benavides government.

Britain's Conservatives Hold On

By RALPH THOMPSON

WHEN the British Parliament rose for the Summer holidays on Aug. 2 it was after a momentous session. Europe seemed charged with the sparks of war; conditions at home were far from serene. Action on the revised Unemployment Assistance Regulations had been postponed until Autumn, while other measures had been pushed through with lightning speed. Labor and its few Liberal colleagues, so overwhelmingly outnumbered by the government forces, had uttered only ineffectual protests at the way affairs were being handled. A motion of censure attempted in the Commons on July 9 had garnered but 76 votes to the government's 450—one of the most decisive defeats in the lifetime of the present Parliament.

The particular reason for the censure motion was the government's failure to produce "a considered plan to cope with unemployment and, in particular, its admitted failure to deal effectively with the problem of the distressed areas." Labor's spokesman, Arthur Greenwood, termed the undoubted improvement in trade illusory, since it was based on departure from the gold standard. He deplored the government's increasing economic nationalism. He pointed to the fact that 2,000,000 persons were still out of work and that the number dependent on Poor Relief had risen from 953,000 in September, 1931, to 1,620,000 in December, 1934. The government was "clinging to old ways in new times"; it had enriched the well-to-do but not the poor. It had squandered the tax-

payers' money. It had "lamentably failed."

In reply, Prime Minister Baldwin admitted that he could not cure unemployment and said that he would "never stand on the platform with any one" who said it could be completely cured. Then he reviewed the government's achievement—the balanced budget, the protected home market, the recent trade agreements with foreign countries, and so on. Statistics bore him out; business activity had reached a new high in June (the *Economist's* index figure for that month was 113½, compared with a monthly average in 1929 of 112); the total amount of idle shipping on July 1 was 43.6 per cent below that on July 1, 1934; exports from the United Kingdom increased 9 per cent in the first half of 1935 compared with a year ago, and imports declined less than 1 per cent; the number of unemployed during July fell below 2,000,000 for the first time in five years.

Thus there was at least some basis for the overwhelming majority by which the Commons refused the censure, even if Labor was justified in protesting that much of the recovery had been due to temporary forces over which the government had had no control. But the first reports of the Commissioners for the Distressed (or "Special") Areas, made public on July 17, supported Labor's contention that these particularly hard-hit districts of the country had been grossly neglected.

The report for England and Wales,

which covers the blighted areas in Cumberland, Durham and South Wales, showed that conditions had become so frightful that complete reconstruction was necessary. The government was advised to buy whenever possible from firms located in these areas so as to keep alive what little industry there was left; a great proportion of the unemployed, it was felt, would in any case have to be transferred to other parts of the country or to the Dominions and placed on subsistence farms. All children under 16, the report continued, should be taken out of industry; a contributory pensions scheme, payable at 65, should be instituted; social services should be strengthened; shorter working hours, with a government subsidy if necessary, should be introduced; a full week's holiday with pay should be made compulsory. Furthermore, it was recommended that resident district commissioners be appointed to carry on the work of regeneration, which will take years and millions in money to complete.

Coming so soon after the government's complacent defense in the Commons, this report, together with that issued by the Commissioner for the Distressed Areas in Scotland, gave the Opposition fresh hope, and on July 24 Labor attempted another motion of censure. But the move collapsed without a vote. The government at the same time indicated that sooner or later it would introduce a complete bill to revive these so-called black spots.

There was a peculiarly timely element in the Special Areas reports, for the rehabilitation proposals they set forth were not altogether different from the national reconstruction scheme advocated by David Lloyd George and many months ago sub-

mitted to the Cabinet. The Cabinet had hemmed and hawed, however, and Mr. Lloyd George began to realize that his plan would not be accepted. So he asked permission of the Prime Minister to make it public before it was formally rejected, and on July 16 he issued a volume of about 100 pages entitled *Organizing Prosperity*.

On July 22 the Cabinet released a 16,000-word statement giving its reasons for rejecting the Lloyd Georgian New Deal in toto. Mr. Baldwin and his colleagues refused to believe that vast public expenditures would cure unemployment; they predicted that large-scale borrowing would lead to inflation and financial disaster. The ex-Prime Minister's agricultural proposals, furthermore, would upset the Ottawa agreements, increase domestic prices by excluding food imports from the Dominions and other overseas countries, reduce the export trade and increase unemployment. The old-age pension scheme of \$2.50 a week for all persons over 60 would cost far more than it was worth. "Disappointing," "hazardous," "uncertain," "unacceptable"—these were the adjectives applied.

Mr. Lloyd George was not daunted. His book had given the public what he considered to be sound proposals, and with that as a text he immediately began a campaign which will figure large in the forthcoming general election. The reforms he suggested were felt by many observers to be necessary and efficient; expansionism had worked in other countries and might work in Great Britain.

Yet the Baldwin government was not altogether old-fashioned; before Parliament adjourned it had supported measures redolent of the NRA and Franklin Roosevelt's New Deal—if not Mr. Lloyd George's. On July 1 there came into operation in Lanca-

shire a scheme which established a central selling agency to dispose of all coal mined in the county. On July 15 the Lancashire cotton manufacturing industry introduced a wage-scale for weavers which had behind it the force of law and made it a penal offense to offer employment on terms inferior to those agreed upon.

In each scheme the initiative came from the industry concerned. By marketing coal on a cooperative basis the mine owners hoped to economize as well as to maintain fair wages. The minimum-wage provisions for cotton weavers were intended to protect mill owners as well as workers against the woes of price-cutting and wage-cutting. The Spindle-Scrapping Bill, based upon the recommendations of the Colwyn Committee, authorized a loan of some \$10,000,000 by which 10,000,000 of the approximately 50,000,000 spindles now in operation could be bought up. Manufacturers would repay the loan over a period of years by means of a levy on spindles remaining in operation.

On matters of foreign policy and armament, however, the Opposition—did it speak in the person of Mr. Lloyd George, Sir Herbert Samuel or George Lansbury—had the government in a tight place. If one or another of the Opposition factions approved the naval agreement with Germany, only the most supine of critics could overlook what was termed the government's "piano note" as far as affairs in Ethiopia were concerned. Was the government condoning treaty-breaking, conniving at imperialism, shirking its responsibilities under a half-dozen peace pacts?

And was it true that, in proposing new measures for defense against air attack and in enlarging the British air force, the government was creat-

ing a "disastrous general spirit of panic and war-mindedness"? This much was asserted by the Labor party in a manifesto published on July 19, three days after Sir Philip Cunliffe-Lister, Air Minister, had asked for \$25,000,000 more than the original estimate of \$100,000,000 as a first instalment of the sum needed to protect Britain in the skies. Only forty-four votes could be obtained to back the Labor protest, however, and on July 22 the supplementary expenditure was approved by the Commons. Shortly before, within the space of two weeks, King George had reviewed the three branches of Britain's armed might—the Air Force at Duxford, the Army at Aldershot, ten miles of warships off the green shores of Spithead. If this was not the "mentality of 1914," it was something not very different.

BRITISH MEAT POLICY

When representatives of the British Dominions arrived in London several months ago, they came not only to join in the King's jubilee celebrations but also to discuss several matters of imperial concern. One of these involved imports of meat into the United Kingdom from Australia and New Zealand. On July 15 Walter Elliott, Minister for Agriculture, announced in the House of Commons that a temporary agreement had been reached, one which would protect the home industry without handicapping the meat-producing Dominions.

Mr. Elliott further announced that a levy will be imposed as soon as possible upon all imported meat, with a preferential rate on supplies from Australia and New Zealand. This levy will probably not be applied until November, 1936, when the Anglo-Argentine trade agreement, in which Britain promised to place no tariffs on meat,

will have expired; the Argentine has shown no inclination to forego its rights under the treaty any sooner than necessary. In the interval, in order to maintain reasonable prices at home and to guarantee the domestic producer a living, the Dominions have agreed to limit their exports of mutton and lamb to fixed amounts during the next eighteen months, and to accept a scale of shipments on pork, beef and veal up to the end of 1935. In addition, the Exchequer has been authorized to extend the present subsidy to British beef producers until Oct. 31, 1936.

Opinion in both Melbourne and Wellington was generally favorable to Mr. Elliott's announcement, and Dominion producers felt that prospects for the future were distinctly better than they had been. How far the new policy will alienate the Argentine, which in recent years has become an increasingly important market for British goods, remains to be seen.

RIOTS IN IRELAND

July 12 is a great Protestant holiday, the anniversary of the Battle of the Boyne, in which William of Orange defeated the Catholic army of James II. Its celebration in Northern Ireland, where Protestants and the Catholic minority have long been at one another's throats, more or less regularly leads to trouble. But this year the trouble assumed serious proportions. Parties of Orangemen returning home from their festivities were stoned in the streets of Belfast and rival mobs quickly assembled. Then gunmen began to fire upon the scene from neighboring housetops.

The result was that the Catholic districts of Belfast, despite the efforts of police and troops, were terrorized for nearly a week. Hundreds of win-

dows were smashed; household effects were dragged into the streets and destroyed; scores of houses were pillaged and burned. When general quiet was restored on July 19, eight persons had been killed—seven Protestants and one Catholic—and over 1,600 Catholics had been made homeless.

Throughout the trouble the preponderantly Catholic Irish Free State maintained an admirable calm. Only on July 20 and 21 did retaliatory outbreaks take place. Then a few Protestant buildings in Limerick and County Monaghan were attacked, without loss of life.

While the governments in both Ulster and the Free State hastened to condemn the rioters and their mob spirit, the governments themselves were indirectly responsible for the catastrophe. The continuing political difference between the two parts of Ireland has stirred up such bitter partisanship that it is surprising that there are not more frequent fatalities. The persistent Anglo-Irish quarrel, moreover, only adds to the antagonism between North and South, exactly as that between North and South intensifies the Anglo-Irish quarrel.

A statement made in the House of Commons on July 10 was intended to show how the present British Government views the Free State question. But it salved no wounds. J. H. Thomas, Dominions Secretary, explained once more that Great Britain was willing to submit the annuities problem to arbitration, provided that the judges be citizens of the British Commonwealth. Mr. De Valera, however, has time and again insisted on at least one judge from a foreign country, so nothing has been gained. Regarding Mr. De Valera's recent request for a clarification of Britain's attitude to-

ward an Irish republic, Mr. Thomas refused to answer the "hypothetical question." He did say, though, that his government would take every possible step to prevent Southern Ireland from leaving the Commonwealth.

Thus, despite recent encouraging signs, relations between Dublin and London remain hostile. Mr. De Valera has not yet given out a clear-cut and unequivocal statement of what he wants and what he intends to do. Great Britain is not willing to sign a blank check and to discuss terms afterward. Nor has the Free State leader succeeded in settling his domestic troubles. On July 12 there was a violent conflict in County Cork between police and women sympathetic to those farmers who will not pay their land annuities. Eight women were arrested.

THE INDIA BILL

On Aug. 2 the long-debated Government of India Bill received the royal assent after amendments made by the House of Lords had been accepted by the Commons. Thus this momentous measure became law. The chief alteration by the Lords provides that British Indian members of the Council of State shall be elected directly, instead of indirectly; that is, the upper chamber of the future Federal Parliament of India will consist of a majority chosen by an electorate instead of by the Provincial upper chambers or (in Provinces where there is to be but one chamber) by specially constituted electoral colleges. The Federal lower house will still be chosen indirectly.

In India itself this amendment was widely welcomed, but a hostile sentiment toward the whole new Constitution remains. It is by no means certain that the principal nationalist

parties will abandon their threat to boycott it. It is coming to be seen in most quarters, however, that the reforms can be more effectively obstructed from within the Legislatures than from without, and that refusal to contest elections would endanger the existence of the nationalist groups.

The task of administering and inaugurating the new federal system of India will be in the hands of the Marquess of Linlithgow, who on Aug. 6 was appointed Viceroy of India. The new Viceroy—he is only 47 years old—has been chairman of the Parliamentary Joint Committee, which spent almost two years in producing the recently enacted India Bill. As chairman of the Royal Commission on Agriculture in India, he spent considerable time in the land over which he now will rule. The *London Times* in commenting on the appointment said that the Marquess was "the ideal choice for the position to which the whole of his experience has almost inevitably brought him."

Those who insist that Britain must for the sake of law and order still keep a firm grasp upon India (and this the Government of India Bill assures) were given during recent weeks an opportunity to say, "I told you so!" When early in July an ancient building attached to a Sikh shrine in Lahore was about to be demolished, a large crowd of Moslems, who claimed that the building had at one time been a mosque, assembled to prevent the work. So threatening did the demonstration become that police and troops were called. For days nothing extraordinary happened. Then on July 20, trouble broke loose, and at least ten persons were killed when a Royal Scots regiment was forced to fire into the Moslem mob. More than 1,200 were arrested.

France Tackles Her Deficit

By FRANCIS BROWN

THE government has taken grave decisions. * * * We had reached the point where it was necessary to act audaciously and promptly." So declared Premier Pierre Laval in a broadcast to the people of France on July 17 in which he defended the twenty-nine emergency decrees promulgated to balance the budget and save the franc.

When the Laval Cabinet came into office in early June it demanded and received extraordinary powers for correcting the nation's economic difficulties. But as any steps which the government might take in the direction of economy would be certain to arouse widespread opposition, nothing was done so long as Parliament was sitting. Parliament adjourned on June 28; France waited. That action, and drastic action, would follow there was little doubt, but the exact nature of the blow was not disclosed until July 17, when the Cabinet, after a session lasting many hours, made public its economy decrees.

These could be grouped in three divisions. The first reduced all government salaries and pensions over 10,000 francs by 10 per cent, and cut, also by 10 per cent, the coupons on government securities. The second concerned taxation. Higher income taxes were decreed; taxes on munitions manufacture were increased, as were taxes on securities. Finally, attempts were made to lower the cost of living. Bread was reduced 10 centimes a kilogram (.3 of a cent per pound), gas and electricity rates were cut 5 per

cent, and annual rents below 10,000 francs 10 per cent. The saving effected by this series of decrees was estimated at 7,063,000,000 francs, which, when added to the economies in railroad operation and local expenditures, would practically wipe out the 11,000,000,000-franc deficit.

The decrees, more far-reaching than anticipated, had a mixed reception. Business men, though still opposed to devaluation, wondered if the economies would keep the franc on gold. The *Agence Economique et Financière* said: "What is immediately necessary is a policy of cheaper money and credit to revive economic activity. It is also urgent that we adopt a more liberal commercial policy." Banking circles hailed the Cabinet's action, the Bourse lifted, and the Bank of France lowered the discount rate from 4 per cent to 3½. But among some economists there was speculation as to what effect the decrees would exert on revenue. Might they not reduce it so much as to throw the budget again out of balance?

While conservatives generally praised Premier Laval for his courage in inaugurating an unpopular policy, protests against the decrees began to take form. The Civil Servants Union called a mass demonstration in Paris, an action which had the support of other groups upon whom the salary reductions fell hardest. In the evening of July 19 about 12,000 demonstrators tried to gather in the Place de l'Opéra, but were barred from it by contingents of the Mobile Guard. Only minor

disorders occurred, although more than 1,000 arrests were made.

Other interested groups met to decide upon what course to follow. The Left, especially the Socialists and Communists, denounced the economy decrees without reserve, while the railway workers decided to open a propaganda campaign against what M. Laval had done. Meanwhile in many minds there began to be doubts. Did not the decrees reduce purchasing power and so insure a further curtailment of business? Was not the interest cut on government bonds a tacit admission of bankruptcy?

But the real question, of course, was whether the government's policy would restore French prosperity. If the decrees succeeded in driving down costs of production and the cost of living to a point where France could once more have its share of world trade, then M. Laval and his Ministry would not be without honor.

To some extent the government is racing against time, for economists anticipate a general rise of world prices which should narrow the disparity between the cost of French goods and those of other nations. If the rise of world prices is not too long delayed, M. Laval may win, even though major reforms in French finance and business are long overdue. But the time in which M. Laval has to work is short. Parliament will re-assemble in the Autumn, and unless the Premier can gain approval for his economy measures he is certain to be overthrown. The undoubted discontent and unrest throughout the country do not make the Premier's task any easier.

Unrest, of course, has been simmering for a good while, breaking forth in minor disturbances at widely separated parts of France. July, on the whole, was quiet, although plans for

rival demonstrations in Paris on Bastille Day caused uneasiness until it was realized that the government had taken precautions against any possible rioting. So the day passed. Around the Arc de Triomphe was held one of the greatest military reviews since the war. At least 200,000 liberals and radicals marched past the site of the Bastille in a tremendous outpouring in the cause of liberty. Then there were the thousands of Fascist members of the Croix de Feu who marched down the Champs Elysées behind Colonel de la Rocque. Similar demonstrations occurred throughout the country, but when the day was over only insignificant clashes were recorded.

Events, however, tend to strengthen the liberals and radicals. The successive mass meetings of the Croix de Feu have made the threat of fascism seem real, bringing together all types of liberal sentiment in a common front. The Laval decrees have also solidified the elements on the Left, for the labor unions are as one in their opposition to the Ministry's deflationary policy. All this lay behind several brawls and shooting affrays which disturbed France early in August.

There were other events which could not be overlooked. The Teachers' Union, after a three days' meeting, adopted a radical program calling for nationalization of the banks and key industries. This program was supported by various liberal groups and had the sympathy of the General Federation of Labor.

Serious rioting broke out at Toulon on Aug. 5, where heavy property damage occurred and several people were injured before the police restored order. At Brest the following day a riot forced the closing of the naval

arsenal after one worker had been killed and several workers and guards had been injured. Meanwhile at Havre engineers of the French Line refused to accept 10 per cent pay cuts, and on Aug. 6 the crew of the Champlain went on strike because of the cut in their wages. Even more serious disturbances occurred at Toulon on Aug. 8 when renewed rioting caused the death of several persons and the wounding of many others. By the next day relative calm had returned, while the French Line reached an agreement with its crews that permitted the sailing of its ships.

In the face of these troubles the government pushed ahead with its program. Additional decrees affecting the cost of living and working conditions were being prepared by the Ministers. The fight to reduce unemployment also was continued.

BELGIUM LOOKS TO RECOVERY

Belgian politics have for months been dominated by economic conditions. The financial crisis of last March gave rise to the van Zeeland government, which ever since has been seeking to alleviate the national economic distress. Armed with extraordinary powers, the Cabinet had the Summer to work out its recovery program, for on June 20 Parliament adjourned until Autumn.

Unemployment, as Minister of Finance Gerard told the Senate at the end of its session, remains the most trying of all Belgian problems. There has been some improvement—exactly how much is difficult to determine. Seasonal factors have affected the total, and the revival of the textile and furniture industries has to a limited extent provided jobs. Certain definite measures have been taken by the government. The age for leaving school

has been raised from 14 to 16 years for children who are now without work; a \$35,000,000 public works program, which includes the building of cheap houses, has been announced and, according to prophecies by the Ministry, will cut the unemployment rolls by at least 20 per cent.

A decree establishing government regulation of the banking system was approved by the Ministry on July 5 and published a few days later. The law set up a banking commission, whose duty it will be to supervise all banks, examine their accounts, fix interest rates, safeguard banking investments, and so on. The law also forbids bankers from sitting on the directorates of industrial corporations and from holding office in such enterprises.

Belgian finances have apparently improved since the belga was devalued in the Spring. Though the 1935 budget will show an estimated deficit of 451,000,000 francs, Premier van Zeeland has promised that the 1936 budget will be in balance. Among the various steps which he is taking toward that end is the conversion of Belgium's foreign loans; negotiations on this subject have been under way for some time with the Netherlands. Public opinion during July and early August became more optimistic as business reports showed definite upward trends. Quotations on the Bourse rose. Exports, both in volume and in value, were a third greater in the second than in the first quarter. Coal exports in June were valued at 175,000,000 francs, compared with 128,000,000 in March, while textiles rose from 125,000,000 to 150,000,000 francs. With statistics like these to support him, Premier van Zeeland felt justified on July 21 in declaring that Belgium was on the road to recovery.

Germany's Religious Conflict

By SIDNEY B. FAY

REPORTS from Germany during July were most disturbing. Attacks upon Catholics and the Catholic Church seemed the regular order of the day, while anti-Semitism gave evidence once again in the form of new outbreaks. Observers in Berlin told of an atmosphere of fear and suspense which forecast no one knew what. Behind all this were rumors of divisions within the Nazi party, of desperate economic conditions, of popular discontent.

Twenty Roman Catholic editors who had been suspended early in June for urging a dispassionate judgment of nuns and monks charged with violation of the foreign exchange laws were reinstated on July 3. But this conciliatory action was only the preliminary to sharper measures by the National Socialists against the Roman Catholics.

Alfred Rosenberg, cultural director of the Nazi party, speaking at Muenster on July 6, bitterly attacked the Catholic Bishop of Muenster because of a pastoral letter in which the Bishop had said that "Christian citizens of Muenster would regard the public appearance of Rosenberg as a provocation and a mockery of their most serious religious convictions." Rosenberg declared that this was tantamount to an attempt to arouse the Catholics against the government.

Dr. Frick, the Minister of the Interior, speaking from the same platform the next day, officially reiterated Rosenberg's statements. As spokesman of the Reich Government, he in-

sisted that, according to the Concordat of 1933, Catholics were bound to consider as binding on them all Reich laws such as the sterilization and foreign exchange regulations. He declared that confessional organizations would not be allowed to criticize or oppose government measures or introduce disunity into the body of the united German people. He added: "Is there any purpose in having Catholic newspapers? Is there any purpose in a Catholic civil servants' league? I must say that Catholic occupational organizations, such as apprentice societies and also the confessional youth organizations, do not fit into our times and that they are often active in fields which the Nazi State must reserve to itself." Three days later he issued a decree providing for the prosecution, under the law governing "malicious and treacherous attacks on the State," of any one opposing enforcement of the sterilization laws.

Finally, Herr Himmler, the Reich leader of the S. S. (or special Nazi Guards), issued on July 26, in his capacity as head of the Secret Police, an ordinance further restraining the activities of all confessional organizations. By this order every activity that is not purely religious in character was forbidden. Himmler's ordinance was intended to codify the numerous local bans and prohibitions which have been issued against alleged Catholic political activities. It was regarded as a retort to the Papal Nuncio's recent sharp protest against Nazi infringements of the Concordat.

The Provisional Church Administration of the Protestant Opposition Pastors protested at the end of July against the law of a month earlier giving the Minister of the Interior the final authority to decide all legal disputes arising out of the conflict within the Evangelical Church. While welcoming in principle the State's intention to give legal assistance in settling the church conflict, the Protestant pastors insisted that there should be no impairment of the church's right to judge its own legal affairs upon purely ecclesiastical considerations. Otherwise the new Nazi law would contradict the German Evangelical Church Constitution of July, 1933, and virtually mean a transition from an independent to a State church.

They also pointed out that the new law had delighted the "German Christians" and the official church régime of Reichsbishop Mueller, because the latter had lost all the lawsuits hitherto decided by the regular law courts and saw their salvation in the new authority given to Dr. Frick, the Minister of the Interior. By a decree of July 19 Chancellor Hitler transferred the regulation of all Evangelical Church matters from the overburdened Minister of the Interior to Dr. Hans Kerrl as Reichsminister without portfolio.

A violent anti-Semitic outbreak took place on the evening of July 15 in Berlin's fashionable Kurfuerstendamm district. A band of some 200 Nazi rowdies, evidently by prearrangement, entered the cafés and restaurants, driving out all Jewish guests and beating them in the streets. An official statement alleged that the trouble arose when Jews hissed a film being presented in a Berlin theatre. Probably the attack was also caused by the recent efforts of Julius Streicher to extend his vio-

lent anti-Semitic methods to the capital, and by the frequent Jew-baiting articles which appear in Dr. Goebbels's Berlin newspaper, *Der Angriff*.

As a result of the bad impression caused abroad by this anti-Jewish attack, a new Police President, Count Helldorf, was appointed for Berlin. He also has the reputation of being an anti-Semite, but he at once issued a manifesto forbidding individual actions against Jews on pain of disciplinary measures. He ascribed the blame for the Kurfuerstendamm outrages to agents provocateurs who angered Nazis into taking part in anti-Jewish demonstrations. General Goering was on a holiday, but the hint to apply the brake probably came from him, for he is no racial fanatic.

During July several local Stahlhelm organizations were dissolved—in Thuringia, Mecklenburg, East Prussia and elsewhere. These war veterans' societies were forbidden to wear their uniforms and insignia; their property was confiscated, and some of their members were placed under "protective arrest." It was alleged that they were "reactionary" in their attitude and that in some cases they had secret supplies of arms. By early August it was apparent that the once powerful Steel Helmets would soon be absorbed in the totalitarian State.

GERMAN ECONOMIC CONDITIONS

There was little change during July in Germany's economic condition. Dr. Schacht's new scheme for promoting exports was in operation, but it was too soon to know how successfully it would work. This scheme provides for raising some 700,000,000 marks for subsidizing exports by means of a 2 to 3 per cent levy on the sales of large industries producing for the home

market as well as on public utilities. The forced levy on the domestic consumer is to provide subsidies to aid German exports which compete with goods produced in countries with devalued currencies. A subsidy tends to offset Germany's disadvantage from not having cut the value of her own currency.

According to the official index on crop conditions, the outlook for Germany's grain production for 1935 is decidedly favorable as compared with 1934. Provisional estimates place the wheat yield at 4,830,000 metric tons, as against 4,670,000 in 1934; rye, 8,130,000, as against 7,610,000; barley, 3,410,000, as against 3,200,000, and oats, 5,500,000, as against 5,450,000.

AUSTRIA AND THE HABSBURGS

The Austrian Federal Chamber approved on July 10 a bill removing all restrictions against the House of Habsburg. The new law rescinds that of April, 1919, which declared that such members of the former ruling house as refused to give up their claims to the throne and make satisfactory assurances of their readiness to become good citizens of the republic must leave Austria "in the interest of the republic's security." Some of the Archdukes gave the necessary assurance and remained in their native country, but the Empress Zita and her son Otto, now 22 years old and the heir to the throne, refused and went into exile.

The new law also provides for the restoration of the confiscated Habsburg family property, with certain exceptions. The Hofburg and Schoenbrunn are not to be restored, nor the art treasures, all of which are regarded as public property. Bonds and other investments are restored, although they have lost most of their

value owing to the inflation and other post-war economic disturbances. But Otto and his family will be given back all their country castles and estates amounting to some 62,000 acres and producing a tidy revenue, though not nearly as large as before the war. The revenue from these has hitherto been devoted to the War Veterans' Fund. It is expected that the government will also give the Habsburgs a lump sum of 10,000,000 schillings as a compensation for property which is not to be returned. [The schilling is currently quoted at about 19 cents.]

The removal of the restrictions on the Habsburgs does not mean, however, the family's immediate return to Vienna nor an immediate revival of the Monarchy. This was emphasized by all Austrian officials who made public comments. Walter Adam, the Minister of Propaganda, declared on July 4 that the action was merely a long-delayed "correction of an injustice with which no political by-play is connected. The question of restoration [of the Monarchy] is not immediate. Returning the property is of little importance politically. The loss of revenue to the War Veterans will be made up by the Social Ministry." And Foreign Minister Berger-Waldenegg declared that no international complications would grow out of the Cabinet's new action, since interested nations had been previously informed and had given their approval, and nothing would be done to imperil the peace of Europe.

Nevertheless, the press and some of the Ministers of the Succession States were alarmed, and declared that a Habsburg restoration would not be tolerated. M. Titulescu, Foreign Minister of Rumania, declared that if the dynasty which once ruled parts of Rumania, Yugoslavia and Czecho-

slovakia, was restored, the Little Entente countries would mobilize their armies. Prime Minister Stoyadinovitch of Yugoslavia, equally oblivious of Austria's right of self-determination, was loudly cheered when he declared in the Yugoslav Senate on July 27 that the question had evoked justifiable emotion in Yugoslavia. The Little Entente countries naturally fear that the restored Habsburgs might begin a movement for a revision of some of the territorial boundaries of 1919, or at least would seek political domination in the Danube Valley, with a consequent diminution of prestige on the part of the other States in Southeastern Europe.

The Austrian Cabinet's action was probably motivated by a desire to strengthen itself with the Monarchists and Catholics and to defend itself against Socialists and Nazis by preparing the way for a possible Habsburg restoration. A Habsburg Emperor might be regarded as a safeguard against intrigues by Hitler's supporters, and as such one might expect him to be viewed with favor instead of alarm by the Little Entente. On the other hand, Hitler is Austrian born, and it is barely conceivable that, if the union of Germany and Austria could be achieved in no other manner, he might see fit to bring it about by making an Austrian Emperor the figure-head ruler of Germany.

THE DUTCH GOLD CRISIS

The Netherlands at the end of July experienced a political and financial crisis. On July 26 Premier Hendryk Colijn tendered the resignation of his Cabinet to Queen Wilhelmina when Parliament refused to support the government's deflationary program. Growing pressure from those who favor devaluation of the guilder and a loss of public confidence in the cur-

rency produced what for a time threatened to be a major crisis. (At par the guilder is worth 68.5 cents.) Even before the Cabinet fell the Bank of the Netherlands moved to defend the guilder by raising the discount rate from 3 to 5 per cent and then to 6 per cent.

The Cabinet crisis did not come as a surprise. For several weeks the country had been losing gold, first as a result of speculation against the guilder and then as a result of a flight of capital. Dr. Colijn's Cabinet was dependent for its majority on the support of the Roman Catholic party, which has 28 seats out of the 100 in the Chamber. This support was finally withdrawn, although the party is represented by three Ministers in the coalition Cabinet which was formed two years ago under Dr. Colijn's leadership.

His policy of vigorous retrenchment "to save the guilder" was of necessity carried to such lengths that the Catholic party became more and more uneasy in the early Summer, especially as there seemed no visible end to the process of deflation and the guilder seemed no safer than before in spite of the sacrifices made. Finally, when Dr. Colijn introduced two new deflationary measures—one imposing further cuts in salaries and wages and another reducing interest rates on loans and mortgages—the Catholics refused to go along. The left wing of the Catholic party, which competes with the Socialists for the vote of Catholic workingmen, could not support the first; and the second, involving a dislocation of existing contracts, was criticized in all quarters. Thus Dr. Colijn could do nothing but resign and let the Queen send for Professor Aalberse, Catholic party leader.

The Netherlands holds a central, almost a pivotal, position in the gold

bloc. Though a small country she is rich, and is at the crossroads on the Continent for the movement of trade and finance. The record of the Netherlands is remarkable. Unlike France and Belgium, she has never devalued; unlike Italy and Germany, she has not been reduced to defending her currency by withdrawing it from the world's free market behind a wall of trade-destroying restrictions. The Dutch banking system is sound and possesses ample resources in gold and foreign securities, despite the loss of more than \$80,000,000 in a week. Technically the position of the guilder should be strong. Its weakness, due to economic, political and psychological causes, was pronounced last April when all the gold currencies seemed jeopardized by the Belgian decision to

devalue and to substitute a policy of expansion for the previous policy of deflation. But the crisis was surmounted, and the bank rate, which had had to be raised, was again lowered to 3 per cent. The Netherlands are a stubborn race, and Dr. Colijn is inspired by an almost religious faith in the gold standard, regarding the maintenance of the guilder at the old parity as a matter not merely of expediency but also of conscience.

When Professor Aalberse, after four days' effort failed to form a new Cabinet, the Queen again asked Dr. Colijn to take up his old task. News of this caused a jump in the guilder. That the crisis had been weathered, at least for the moment, a lowering of the discount rate on Aug. 4 demonstrated.

The Strain on Italian Finance

By WILLIAM E. LINGELBACH

LIFE in Italy during July was surcharged with the emotions stirred by the impending war against Ethiopia, the resentment at British and Japanese policies, doubts and defiance over the attitude of the Council of the League and a significant though less advertised undercurrent of worry over economic and financial matters.

Forced by the desperate situation of the nation's falling credit, the government in an official decree on July 22 announced the suspension of the Gold Law of 1927 requiring the maintenance of a 40 per cent gold reserve as a protection to the lira. Official circles claim that this does not mean inflation, or even a devaluation of the lira. On the other hand, they acknowledge that immediate payment of

nearly 500,000,000 lire had to be made on accounts long overdue in order to maintain Italian credit abroad.

Italy was obliged to draw heavily upon her gold reserve in 1934 to make up the adverse trade balance. During the current year the increasingly heavy purchases for the needs of the military expedition against Ethiopia have made further serious inroads on the nation's foreign credit. To meet this, foreign securities owned by Italian nationals were mobilized, the government taking over the foreign credit in exchange for lire. This modest back-log, if reports are correct, has been largely consumed during the past months, and the only available resource at the moment is therefore the gold reserve heretofore guarded

with such jealous care by Mussolini.

In June, 1934, the Bank of Italy had a total of approximately 6,838,500,000 lire in gold at home, 1,772,800,000 in gold abroad, and 40,100,000 in foreign exchange. At the same time this year the total had shrunk to 7,656,900,000, while the paper circulation had increased by 498,500,000 lire, bringing the gold coverage down to 41.9, or within 1.9 of the legal minimum. Threatened impingement on the legal reserve is therefore not immediately dangerous, but viewed in the light of the trend of Italian finance it has ominous possibilities. The heavy purchases of military supplies abroad, coupled with the already unfavorable trade balance, are forcing business men to ask whether the African venture, from the financial and economic point of view, is not ultimately a piece of madness.

Impressed with this and with the unsound position of Italy's finances, foreign financial circles, notably in London, are reported to have turned a deaf ear to overtures for an Italian loan. British pig iron producers, confronted with the fact that February shipments remained unpaid after six months, refused to make deliveries save for cash. Welsh and continental coal companies found themselves in a similar position, and, with American, British and other foreign oil and timber concerns, took like action. It was announced in Washington on Aug. 8 that because of "generally unsettled" conditions the Export-Import Bank would not extend credit to American exporters for cotton shipments to Italy.

The threatened collapse of Italian credit therefore called for drastic action. Hence the inroad on the gold reserve to pay the arrears and to ease once more the foreign credit situation.

Yet use of the reserves to meet current war outlays is dangerous and can be only a stop-gap. No country, least of all Italy, can long continue on such a basis. In the meantime the government is tightening still further its control over imports. Late in July a State monopoly was decreed for imports of coal, copper, tin and nickel, while ten Fascist trade organizations were set up to issue new regulations for the import and distribution of raw materials. Silver coinage in circulation amounting to 1,635,749,000 lire has been called in to serve as a reserve for paper treasury notes being issued.

Banking circles are especially worried over the outlook for the future. Because of the heavy outlays on public works, social welfare and so forth, the national debt has increased steadily since the advent of the Fascist régime. The budget, even without the heavy charges for the African expedition, continues unbalanced; the unfavorable trade balance is chronic; and the extraordinary expenses of the Ethiopian venture are mounting at an alarming rate. Conservative estimates late in July placed the cost to date at over 1,000,000,000 lire, or nearly \$85,000,000. That this is very low is evidenced by the fact that official statistics released by the Suez Canal authorities placed the tolls during the last three months for Italian war tonnage alone at approximately \$10,000,000. What the total cost of the war will be to Italian finance is undetermined. War expenses cannot be adequately budgeted. In a last analysis they will, of course, depend upon the duration of the struggle, but even with a short and decisive campaign they will necessarily mount into billions of lire. Moreover, it is well known that even the most promising colonial ventures have always in-

volved deficits for many years, and Ethiopia is not likely to prove an exception.

According to official figures made public on Aug. 7, more than 240,000 troops and laborers passed through the Suez Canal to East Africa in the previous six months. Others are on the way, more are ready to embark, and, on Aug. 6, the Duce ordered the mobilization of an additional 30,000 men for service in Ethiopia. Every available vessel at Alexandria and other ports is being chartered for transport service, while outright purchases of half a dozen steamers were made in Europe during the month. The armed force available for the drive on Addis Ababa, the capital of Ethiopia, when the rainy season ends in September, will be irresistible, not only in numbers but in equipment.

In the meantime the annual military manoeuvres for July and August were in full swing, involving altogether nineteen divisions—between 500,000 and 600,000 men. They were being staged in the Brenner area with a view, so said the Duce's journal, the *Popolo d'Italia*, to show the world that they have "concrete objectives and scope * * * that Italy, despite the African situation, is present and powerful in Europe."

But neither the financial nor the military aspects of the Ethiopian question occupied the press and Italian public opinion during the month to the same extent as did the international complications which arose out of the Italo-Ethiopian dispute. (See Professor Nevins's article on page 577.) Throughout the controversy the threat of interference by the League of Nations has angered the Duce and the Fascist press, and since Great Britain has been the principal advocate of League action, the

full force of Italian resentment was turned against her. As in the previous month, press attacks were bitterly hostile, cynical and defiant, paralleled only by an equally virulent attack upon the Japanese. The determination that Italy will accept no dictation, especially not from Great Britain, appears in most of her journals. Rather she would profit by her example.

CONSERVATIVE RULE IN SPAIN

Spanish politics during July was marked by a further strengthening and consolidation of the coalition government under Premier Lerroux with the support of Gil Robles, the new Minister of War and leader of Catholic Popular Action. On the one hand, the breach between Lerroux's Conservative Republicans (Radicals) and the parties of the Left has widened considerably; while on the other, Gil Robles and his followers have definitely broken with the Monarchists of the Right. As a political move in anticipation of the elections, this is of considerable strategic importance. Furthermore, it seems to be in fairly close accord with the trend of public opinion, notwithstanding continued disturbances in Barcelona and the surrounding province, where a state of siege was again proclaimed early in July.

Lawlessness has been increasing steadily in Barcelona and other industrial centres of Catalonia. The police, either because of sympathy with the terrorists or because of impotence, failed utterly to cope with the situation. To deal with the growing menace, the Madrid government intervened, proclaimed a state of war and sent in troops to see to its enforcement, "cost what it may." All public meetings were forbidden. Acts of violence against persons and property were

summarily handled, and disobedience or disrespect toward the authorities dealt with under military law. The national troops took command of the city and cavalry patrolled the streets. On July 4 the "state of prevention" for the nation as a whole was prolonged for another month, against the strong protest of the Left.

The ban on political meetings and propaganda imposed early in June has been lifted, resulting in a great deal of political activity, especially on the part of Catholic Popular Action. Monster mass meetings were held at Medina del Campo in Castile and at Valencia.

Gil Robles spoke at both meetings and took occasion to refute the charge that in his army reorganization he was preparing the way for a military dictatorship. "If I were planning a dictatorship," he said, "I would not need an army. The size of this meeting and many others shows clearly how strong is the popular support behind me. I have no personal ambitions of any kind. My only thought is for the welfare of the republic. Reorganization of the army is intended solely as a safeguard for the republic against its enemies."

The revision of the Constitution, to which the government parties pledged themselves in the election campaign last year, occupied much of the time of the government during July. The draft of the amendments as prepared by the Cabinet was laid before the Cortes preparatory to its consideration when that body reassembles after the Summer recess. It proposes to revise 42 of the 125 articles of the Constitution adopted on Dec. 9, 1931.

The preamble of the draft claims that this is the first time in the political history of Spain that constitutional reform is being undertaken by

peaceful methods in accordance with the provisions prescribed in the Constitution itself. It argues further that in the first flush of republican success and revolutionary ardor the framers of the Constitution of 1931 went beyond the wishes of the people in matters relating particularly to regional autonomy, the position of the Church, education, divorce, the Presidential veto and the second chamber. After three and a half years' experience and study the time has come, it claims, to amend the sections of the Constitution on these subjects in order to bring them into accord with what the government believes to be the present wishes of the people.

All the elements of the Left denounced the project as a step toward the subversion of the institutions of the republic. In a bitter attack on the proposals, ex-Premier Azaña accused Prime Minister Lerroux and his Radicals as now being "in league with the enemies of the republic to destroy the fundamental laws which they had helped to set up." The speech greatly angered the Prime Minister, and in the debate on the accusations against Azaña's complicity in the sale of Portuguese arms to the Asturian Socialists in the revolt of last October he made a vigorous attack on Azaña. Despite a strong vote against the ex-Premier, however, the necessary quorum could not be obtained, and he will therefore not have to appear before the Tribunal of Constitutional Guarantees.

In the matter of agrarian reform, the Cortes has decided to carry on under the constitutional provisions, and has proposed a law which incorporates the principle that indemnification must accompany all expropriations. This means large payments to the *grandees*, and on July 25 many

Left Republicans formally withdrew from the Cortes by way of protest.

The outline of the budget for 1936, as reported to the Cortes in July, provides for rigid economies in the government's services. The Ministries are to be reduced from thirteen to ten by consolidating the Army, Navy and Air Departments and by eliminating the Ministry of Justice. Double jobs for State employes are to be abolished and the pension system subjected to a much-needed revision. Refunding of the national debt to bring about consolidation at a lower rate of interest was also proposed and steps for its execution started.

Negotiations for new trade agree-

ments with France and Great Britain were in progress at the beginning of July. Those with France ended in complete failure and the commercial treaty lapsed on July 9. During the disputes over the renewal and the new tariff schedules the duties on French silks were raised fivefold and those on automobiles sevenfold. In the case of Great Britain, the negotiations encountered bitter opposition from Asturian, Leon and Palencian coal interests to the quota of British coal to be admitted under special rates. They asked for a reduction of the present 750,000 tons quota to 500,000 tons, while rumor reported an increase to 1,000,000 tons.

Will Greece Bring Back Her King?

By FREDERIC A. OGG

Two days after the Greek Parliament assembled on July 1, a bill for a plebiscite on the form of government was introduced. The measure, promptly passed, was brief and simple. At a date to be fixed by the government, the electorate was to be asked to make its choice between maintaining the existing Republican régime and restoring a constitutional monarchy with parliamentary institutions. The manner of holding the plebiscite, the minimum number of valid votes required to effect a change and the necessary safeguards of electoral honesty were left to be defined by decree forty days in advance of the plebiscite.

The Cabinet decided while the bill was still before Parliament that the plebiscite should be held on Nov. 15. This delay was commonly ascribed to

the desire of the Royalists to carry on intensive propaganda in those parts of the country that have been strongly Republican, especially in regions inhabited by refugees from Asia Minor who are inclined to remain faithful to former Premier Venizelos.

In the middle of July, differences of opinion in government circles led to a brief but significant Cabinet crisis. Premier Panagoti Tsaldaris, a Royalist, has from the first stood not only for an honest plebiscite, but for a fair and neutral attitude by the government. But General George Kondylis, Vice Premier and Minister of War, has believed that the Royalist interests should be promoted by making the government 100 per cent Royalist before the plebiscite was held. When Royalist Deputies rallied in large numbers to this point of view,

Premier Tsaldaris on July 19 tendered to President Zaimis the entire Cabinet's resignation. The immediate decision was provoked by General Kondylis's accusation that M. Tsaldaris had compromised his vaunted neutrality by permitting Minister of Public Works Kyrkos to attack former King George.

The War Minister, however, refused to take over the Premiership, even during M. Tsaldaris's prospective six weeks' vacation in Germany, and in the end the latter accepted reappointment as head of a Cabinet containing three new Republican and two new Royalist members. General Kondylis, hero of the recent fighting in which his government forces smashed rebellious followers of ex-Premier Venizelos, was regarded as the key man in a tense situation, and observers anxiously awaited his next move.

On July 23 the reinstated Premier Tsaldaris approved six conditions for a monarchical restoration set forth by former King George to Mayor Kotzias of Athens during a three-day conference in London. These were: (1) That a plebiscite be held under such circumstances that no charges of unfairness or incompleteness could be brought against it; (2) that there should be no attempt at a restoration by force; (3) that the plebiscite should be postponed if disorders seemed likely to prejudice its results; (4) that the ex-King should have the right to decide for himself whether the Royalist vote was sufficient to warrant his return; (5) that the plebiscite should be preceded by a Royalist-Republican truce of one month to permit the country to make up its mind calmly, and (6) that, if a restoration took place, a national election should be held soon afterward, with the Republicans pledged to co-

operate. The former King's reservation of the right to decide whether a Royalist majority, if secured, was of such proportions (he is understood to have had in mind 60 per cent) as to justify his return was particularly welcome in Cabinet circles, which have been divided sharply over the percentage that ought to be required. Premier Tsaldaris, it was said, believed that the republic should be maintained unless the votes for monarchy constitute an overwhelming majority.

As would be expected, many monarchists have toyed with the idea of a coup d'état; others, lacking confidence that their cause was gaining strength, have demanded that the plebiscite be held forthwith. To all such suggestions, however, both the Premier and the former King have turned a deaf ear. Fear of a monarchist coup arose principally from the widening breach between the Premier and General Kondylis, who was known to be building a solid anti-Tsaldarist front inside, as well as outside, government ranks. On July 29, however, the former War Minister pledged himself to refrain from any move of the kind during M. Tsaldaris's vacation in Germany.

In 1932, Venizelos, who was then Premier, appointed a commission to study constitutional revision. The report is now available, and while those upholding the existing régime cannot be expected to agree with all its recommendations, it is well known that—quite apart from the issue of monarchy—Premier Tsaldaris and other leaders consider some form of revision imperative. Affirming the need of better balance between executive and legislative authority, the report points out a variety of ways in which the executive can be freed from "the tyranny of Deputies."

Bold dictatorship on the German or Italian model is brushed aside, but power for the President to suspend stipulated sections of the Constitution in case of need is recommended, and a good deal of approval is shown for an Executive similar to the one provided for in the German Constitution before the coming of Nazi rule in 1933. The Senate, which was abolished soon after the March revolt, should not, in the commission's opinion, be revived; and on the ground that the newspapers have "indulged in license," such muzzling of the press is advocated as will prevent it from "poisoning the thinking of the country."

POLAND'S ELECTORAL SYSTEM

The Polish Sejm by a final vote of 216 to 19 passed on June 28 three bills for the reform of the electoral system. Six days later, by a vote of 64 to 24, the Senate concurred in the measures without change. All opposition amendments that would have involved wide departures from the government's plan were rejected. Under the new laws about 20,000,000 people out of a population of nearly 34,000,000 will have a right to participate in electing members of the Sejm. Senators will be chosen by some 400,000, made up of approximately 70,000 persons who have been decorated for services to the State, 200,000 possessing the necessary educational attainments, and 130,000 belonging to autonomous administrations, economic organizations and other stipulated bodies.

Having done what was expected of it, Parliament was dissolved on July 10. President Moscicki announced that dissolution was made necessary by the fact that the new Constitution was now due to come into force. Election of the new Parliament, which must take

place between Sept. 8 and Oct. 13, will be a complicated proceeding for the authorities, but simple enough for the electorate. The great mass of voters will have only to choose two from among four candidates for the Sejm nominated in each of 104 constituencies by municipal councils, chambers of commerce, labor federations and professional groups.

Frustrated in their efforts to amend the electoral bills before passage, various opposition parties and groups at once announced their plan to boycott the coming elections. Thus the National Democratic party, the Right-Wing Opposition, which had 63 members in the late Sejm, proclaimed that not one of the number would be a candidate for re-election. Similar declarations were made by the Socialist party, with 21 Deputies, and the People's party, with 41. These three are the strongest Opposition groups, and their abstention from the next election will leave the government bloc virtually without Parliamentary opposition.

Before the electoral bills were prepared, Prime Minister Slawek promised that the interests of national minorities would be protected, and while the laws themselves contain no specific provisions on the point, there is no reason why the government's promise cannot be fulfilled if the will to carry it out is sufficiently strong. Various minority groups, however, including the Jewish and Ukrainian Socialists, have announced a policy of boycott.

As for the people generally, they have not thus far displayed keen interest in the government's program of constitutional and electoral reform. The common attitude seems to be one of patience and tolerance, born of the feeling that something of the sort is necessary, yet not grounded upon any

deep confidence that the correct solution has been found. Various minorities are palpably dissatisfied, and M. Rataj, a leader of the People's party, lately threw out a hint of unpleasant possibilities when he reminded the Sejm that problems which are not allowed to be solved through the medium of the ballot may have to seek their solution "in the street," that is, by violence.

Nation-wide celebration of the fifteenth anniversary of Poland's taking possession of her present narrow strip of shore under terms of the Versailles treaty took the form of a two-day "festival of the sea," a principal feature being the raising of a 5,000,000-zloty Pilsudski memorial fund for building Polish ships. Starting fifteen years ago without a single ship, Poland now has a merchant marine of fifty-five vessels. Her first transatlantic liner was launched last December and a second one on July 2.

DANZIG AND POLAND

New troubles broke out between Poland and the Free City of Danzig in July—one more chapter in the history of the long-continued tariff and currency war. On July 18 the Warsaw government practically expelled Danzig from the Polish customs union when the city's customs authorities were ordered to handle only those goods designed for Danzig's own consumption. Two days later the Polish Minister of Finance ordered the Polish customs offices in the Danzig territory not to accept Danzig guilders as payment of duties on goods shipped into Poland by Danzig.

In retaliation Arthur Greiser, President of the Danzig Senate, issued a decree on Aug. 1 providing for the free importation of coal, pigs, butter, eggs, medicines and several

other categories of goods. Warsaw, in turn, protested vigorously, insisting that the city's action violated both the Danzig Constitution and the Versailles treaty. The protest was the more spirited since the duty-free commodities listed were expected to come mainly from Germany. The episode seemed to raise again the question whether or not the Free City is to be dominated by Poland or Germany.

But on Aug. 7 the dispute appeared to be moving toward settlement. The Free City's Senate agreed to withdraw its decree concerning duty-free imports, while the Polish Commissioner promised that Poland would suspend the order forbidding Danzig to collect duties on goods shipped to Poland by way of the Free City. In this settlement was seen the fine hand of Berlin, which is not anxious to permit anything to mar its relations with Warsaw.

YUGOSLAVIA'S NEW REGIME

Except among the Croats, the concise and straightforward statement of policy made in the Yugoslav Skupshtina on July 4 by the new Prime Minister, Dr. Milan Stoyadinovitch, created a favorable impression. No change was forecast in foreign affairs. The old treaties, friendships and alliances were to be maintained, and particularly the close relations with the other countries of the Little and Balkan Ententes and with France.

In the field of domestic policy it was made clear that, while the Premier desired to see the late King Alexander's dictatorship abandoned, transition to free parliamentary government would be gradual. The principles of the Constitution of 1931, it was asserted, would be adhered to, which meant that the unitary as op-

posed to the federal form of national organization would be preserved and that the old party system would not be revived. On the other hand, a new electoral law (the foremost demand of the Opposition) was to be enacted, and with it new and more liberal measures relating to the press and to freedom of assembly.

Succeeding weeks saw the rigors of dictatorship considerably relaxed. An act of Parliament empowering the Premier to lift the censorship, permit public meetings and sanction political activity contributed a good deal. While a law, passed at the government's request, authorizing the Cabinet to amend and supplement all laws during Parliamentary recesses seemed a grant of dictatorial powers, it was understood to be designed for liberal purposes. On this measure about two-thirds of the Deputies voted for the government and one-third against it.

In point of fact, the ban against the old parties has virtually been removed, and reports indicate that meetings are being held in all the larger cities. Old and new leaders are swinging into action; former slogans are once more resounding; in short, the whole country is being turned into a political arena.

Without any promise of autonomy from government sources, the Croats have continued restless. Yet on July 20, the fifty-sixth birthday of Dr. Matchek, the long-proscribed red, white and blue Croat banner was allowed to float over Zagreb, and the new Cabinet's attitude toward the discontented nationality has been conciliatory enough to draw sharp criticism from adherents of the former Yeftitch Ministry. Widespread demonstrations in honor of Dr. Matchek, moreover, became occasions for vig-

orous reassertions of claims to regional autonomy, and in many places turbulent scenes were enacted. The recipient of thousands of gifts and congratulatory telegrams from all portions of Croatia, Dr. Matchek declared in a published statement that he considered the demonstrations in his honor clear proof that the national feeling so firmly repressed by Serb authorities in years past continues strong among the Croats.

REACTION IN BULGARIA

Evidence grows that the Mihailov wing of the Internal Macedonian Revolutionary Organization is gradually regaining the position of dominance over Bulgarian affairs which it held until drastic measures were taken against it last year by the Gheorghiev Cabinet. Police agents formerly employed to unearth Mihailovist secret archives and ferret out criminal plots have been dismissed; the houses of many anti-Mihailovists in Sofia—supporters of the Gheorghiev régime—have been ordered searched; several Mihailovists condemned to death by the courts-martial established in Bulgarian Macedonia by the Gheorghiev Cabinet have not been, and almost certainly will not be, executed.

The faction has many sympathizers among the members of the present government, and King Boris is known to be friendly toward it, believing that it protects his throne against the possible growth of a movement for a South Slav federation. He is paying the penalty, however, of growing unpopularity in the provinces, where the peasants are alarmed lest the Mihailovists ultimately re-establish their former "State within a State" and resume the terrorist practices that once made their name opprobrious throughout the country.

Sea Power in the Baltic

By RALPH THOMPSON

THE Scandinavian and Baltic States were intensely interested in the Anglo-German naval agreement made public on June 18. For fifteen years these Northern nations had enjoyed an almost effortless security—Britain, the greatest sea power, had been constantly improving her commercial and diplomatic position among them; there had been no German fleet to speak of, and Russia's fleet was relatively weak. But the new agreement altered the situation. With bases at Koenigsberg, Stettin and Kiel, a rejuvenated German battle squadron could with little or no trouble control the entire Baltic area.

Finland's first reaction was more favorable to Germany than that of Norway, Sweden and Denmark. The Finnish Government is relatively conservative, and powerful elements in the population have long shown a sympathy for fascism in general and for German aspirations in particular. For years these nationalistic elements have been declaiming against the so-called wickedness of the Soviet Union. Several groups of Russian "spies" have been uncovered; there have been alarming reports to the effect that the Union was creating a "safety zone" along the Finnish frontier by forcibly removing the local population of Finnish origin and substituting Russians. An official inquiry on this matter was answered by Moscow during the first week of July in far from conciliatory fashion; Finland was informed that the safety zone was Russia's own affair.

Although the Finnish Government has officially frowned upon activities which might be construed as anti-Russian or pro-German, there have been indications of a growing Fascist sympathy. President Svinhufvud recently bestowed upon General Goering, German Minister of Aviation, the insignia of Finland's highest order, and when a special representative of Premier Mussolini arrived in Helsinki early in June to confer with Finnish Fascists he was courteously received in official circles.

In view of all this, it is not surprising that Finland showed no extraordinary concern because of Germany's reappearance as a naval power. On July 20, to be sure, *Ajan Suunta*, the chief newspaper of Finnish Nazis, declared that the Aland Islands, which were formally neutralized in 1922, should be once more fortified because of their strategic position in the Baltic. But this recommendation was interpreted as anti-Russian rather than as anti-German.

The immediate effect of the Anglo-German pact upon Norway, Sweden and Denmark has been to strengthen the hands of those elements which have for years been advocating increases in naval and air force strengths. Up to this point the Left-Wing governments in each country have been more or less successful in blocking these demands, but it now appears probable that greatly increased defense budgets will be forthcoming. Yet even in 1933 the combined Swedish, Norwegian and Danish

naval strength did not match that of Germany, and a naval race is obviously out of the question. Sweden is said however, to have laid plans for concentrating her foreign trade during a future war at Göteborg, on the North Sea, thereby avoiding the dangers of the Baltic, and to have drawn up a scheme for the defense of the island of Gotland.

In the small Baltic States the effect of the Anglo-German agreement was less easy to gauge. A conference of all Latvian representatives in European capitals and high officials of the Foreign Office, held in Riga during the first fortnight of July, brought forth no formal statement, but it was known that questions of security and defense were discussed in detail.

LITHUANIAN PRICE CZAR

Reports recently received from

Lithuania show that on Feb. 5, 1935, the Cabinet promulgated a new and remarkable law for the supervision of prices. A Regulator of Prices has been appointed, who, to "safeguard public welfare in the State," may fix commodity values, wages and conditions of trade. When his decrees are violated he may confiscate the commodity or order the suspension of its manufacture. He has access to the books and trade secrets of all concerns, public or private, and may impose fines upon those who obstruct him in his duties. Appeal against his decisions may be made only to the Minister of Finance, whose decision is final. Since the Regulator of Prices is nominated for his post by the Minister of Finance, and presumably sees eye to eye with him, this last provision can offer little in the way of a check upon such strict control.

The Soviet-American Trade Pact

By EDGAR S. FURNISS

THE trade agreement signed in Moscow on July 13 by American and Russian representatives may mark the first break in the commercial deadlock between the two countries. Since American recognition of the Soviet Union, an act inspired largely by hope for new markets, trade has been paralyzed by Russian inability to obtain credits in the United States; and this in turn has been due to failure to settle the long-standing debt question. Final collapse of the debt negotiations last Fall after two years of effort showed the futility of approaching the trade problem through this avenue. The present trade agreement offers a

way around the difficulty, for it was drawn under powers given the President by the Tariff Act of 1934, and therefore requires no ratification by Congress. The agreement went into effect as soon as it was signed by Ambassador Bullitt and Commissar Litvinov.

The terms of the agreement follow closely those of similar conventions recently concluded by the United States with Belgium, Czechoslovakia and Brazil. The Tariff Act of 1934 authorizes the President to reduce or remove tariff duties in exchange for trade concessions from another country. Since the Soviet Union has no

tariff concessions to offer, for Russian import trade is a government monopoly, the Union has unofficially agreed to buy at least \$30,000,000 worth of American goods during the twelve months covered by the agreement—an amount greater than the total American sales to Russia in 1933 and 1934. The United States, for its part, has reduced the tariff on certain Soviet products—of which manganese is an important item—and has placed wood pulp on the free list. The agreement may be renewed after the trial twelve-month period.

When the signing of the pact was announced, great expectations were aroused in certain quarters for immediate and substantial benefit to American business. Possibly the memory of Litvinov's suggestion to the London Economic Conference that the Union was prepared to spend \$1,000,000,000 in foreign markets still lingers as a glittering hope; possibly men recall a recent proposal to re-equip the Soviet railways on the American model at a cost of several hundred million dollars. But any sober examination of Russia's foreign trade will dispel the illusion that the new agreement will mean much to American exporters.

Russia's total import trade in heavy metal goods is declining as her industrialization program nears completion and the country grows more nearly self-sufficient. It was need of this sort of goods which four years ago carried American sales to the Soviet Union above the \$100,000,000 mark. While the Union still imports basic commodities—witness the purchase this year of \$5,500,000 worth of American cotton—it is now exporting foodstuffs and plans to become independent in other raw materials.

By facilitating the importation of Russian goods and placing the trade

relations of the two countries on a more secure footing this new arrangement may transfer to our market some purchases which might have gone elsewhere, but at best the development will be slow and on a relatively small scale. The chief gain is to remove the debt problem from the sphere of commercial relations, thus freeing business deals from political controversy.

RUSSIA AND HER NEIGHBORS

The rapid reinstatement of Russia into full international standing—an outstanding achievement of the Stalin régime—was emphasized again on July 12, when Belgium officially recognized the Soviet Union. Negotiations had been secretly conducted in Paris, an indication of the influence exerted by France on her Belgian ally. As with France and the Eastern European countries, the change in Belgium's attitude toward the Union can be attributed in large part to fear of Germany and Soviet opposition to German policies. Belgium's recognition leaves only three European countries—the Netherlands, Portugal and Switzerland—without diplomatic relations with Soviet Russia. Taking the world as a whole, Latin America is now the only area in which Soviet diplomacy has made no headway, for only Colombia and Uruguay have established normal relations.

Despite this increasing stability in foreign relations, Russia's war-fears do not die down. While the repeated assertions that the capitalistic nations of the world are about to combine against the Soviet Union may be dismissed as propaganda designed to arouse popular loyalty, the specific charge that Germany is a standing menace to Russian security probably has more basis in fact.

During July the Soviet authorities

gave a new slant to their predictions of war in the West by making public an alleged conspiracy between Germany and Finland to invade North Russia. It is said in support of this assertion that the German fleet is concentrated in the Baltic; that the Reich's new naval armament of warships and submarines is especially constructed to operate in the narrow waters of the Finnish coast, and that Finland is constructing air and submarine bases which have no obvious relation to her own legitimate needs. These suspicions are evidently taken seriously by the Soviet Government, for the Union has launched a counter-preparedness program, increasing the strength of the Baltic fleet and extending fortifications in that sector.

This reputed danger in the West is really but a phase of the Far Eastern situation, and is so recognized by the Soviet Government. No hostile action by Germany or Finland is expected, save as a consequence of an open break with Japan. Real danger does exist in the Far East and increases as Japanese activity expands in North China and Mongolia.

Japan, on July 6, accepted the Soviet Union's proposal that a mixed commission be set up to regulate all disputes arising on the Siberian-Manchurian border. What is contemplated is a tripartite commission of Soviet, Japanese and Manchukuoan representatives, with permanent headquarters at Harbin and subcommissions at the principal points of friction along the border. These bodies will have final authority over all matters in dispute. The mixed commission is a device which the Soviet Union has employed before in settling boundary disputes with other States, but the suggestion that it be employed in the present instance involves a much greater con-

cession of principle than in others.

The Soviet representatives will have a minority voice in any settlements that may be reached, since close collaboration between the Japanese and Manchukuoan delegates can be taken for granted. The arrangement, in addition, implies some degree of recognition of Manchukuo, something which the Union has heretofore refused to concede. Russian willingness to set up these commissions offers proof of a sincere desire for peace—a fact that has received due recognition in Japan. Thus, the mere agreement to create the commission has done much to reduce the tension in the Far East, quite irrespective of any positive action it may take when it assumes its duties.

THE THIRD INTERNATIONAL

The Seventh Congress of the Third International, after frequent postponements by the Russian Communist party, met behind closed doors in Moscow on July 25. Observers in other countries have long been curious about the line of policy to be taken by this sovereign body of world communism, realizing that the platform of worldwide revolution, on which the Red International was originally founded, did not harmonize with the foreign policy of the Soviet Union. It has been a question whether the formal creed of the International party or the practical politics of the major partner in the combination would determine the course of events.

This question was answered by a statement in *Pravda*, official organ of Russian communism, published on the opening day of the Congress. The Third International is instructed to abandon, for the time being, its plans for proletarian revolt and to swing the forces of communism throughout the world into alliance with the de-

spised liberals for united assault on fascism. "Communists," said *Pravda*, "must fight with complete unselfishness to save the remnants of bourgeois democracy." This is a shrewd solution of the dilemma in which the Russian leaders have been placed by their dual responsibilities—on the one hand, as officials in a government which is striving to perfect stable relations with capitalist States, and on the other, as directors of an organized attack on the basic institutions of these same States. The new policy for world communism, involving as it does fusion with democratic parties in which the Communists must be hopelessly outnumbered, is obviously a complete change of front. Though the more bitter opponents of communism may be skeptical of its sincerity of purpose, it is clearly in accord with the realities of world politics.

For the United States this important development was overshadowed

by the emphasis given in the press to certain bellicose statements by American Communists. Earl Browder, General Secretary of the United States Communist party, asserted that the movement was gaining rapid headway here and was effectively penetrating many apparently conservative labor and political organizations. He also outlined in rather violent terms plans for numerous disturbances and even for a general strike. Examination of his reports, however, does little to increase one's fear for the future of American institutions. The total Communist party membership in the United States, according to Browder, is only 30,000; the Negro group, which is described as the spearhead of revolt, numbers 2,500; the Red unions, which are to dominate the policies of organized labor, include 4,000 workers divided into over 500 units scattered through factories employing nearly 1,000,000 men.

Turkey and the Straits

By ROBERT L. BAKER

THE main objective of Turkish foreign policy for some years has been the peaceful revision of those parts of the Treaty of Lausanne which legally prevent Turkey from refortifying the Dardanelles and Western Thrace. Her representatives have been working constantly at Geneva, in London, in Paris and in the Balkan capitals toward this end, and it is probable that the question would have been pressed vigorously before the League of Nations Assembly this year if the Italo-Ethiopian crisis had not arisen.

The obstacles in the way of granting Turkey's wish are formidable. Great Britain, France and Italy, the principal signatories of the Lausanne treaty, have no desire to start the ball of peaceful treaty revision rolling because there is no telling where it would stop. Moreover, Black Sea interests of one kind or another make them desire the Straits to be open in time of war. Turkey's allies in the campaign for the right to refortify the Straits are Soviet Russia, Greece and Rumania, while Yugoslavia supports the idea "in principle."

As President Mustafa Ataturk's views determine the direction of Turkish foreign policy his latest statement in regard to the Straits is worthy of notice. In an interview granted late in June to a representative of the London *Daily Telegraph* he said:

"Certain unscrupulous European leaders, who do not appreciate the seriousness of war, have become instruments of aggression. They have deceived the countries they rule by distorting facts and by abusing nationalism and patriotism. * * * The world situation and certain specific conditions have changed since the Treaty of Lausanne, in which Turkey agreed to let the Straits remain open.

"The Straits divide Turkish territory into two parts. The fortification of the waterway is, therefore, of great importance to the security and defense of Turkey. It is also vitally important in international relations. Such a key position cannot be permitted to remain at the mercy of some irresponsible aggressor. Turkey must prevent eventual breakers of the peace from passing through the Straits in order to make war on other nations, and she will never permit such a thing to happen."

If the Turks are not at present pressing their claims it is because they are using refortification as a diplomatic lever to bring about the conclusion of a series of non-aggression and mutual assistance pacts designed to insure the security of the Little Entente countries and the Balkan Bloc. The immediate and effective refortification of the Straits and Western Thrace is also held as a deterrent to Bulgaria's rearmament.

As a matter of fact, experts hold that Turkey could close the Straits at a few hours' notice and in spite of the

fact that she has kept the promises made at Lausanne. This she could do because she could quickly lay mines, of which she has an ample supply, and she has built excellent roads in the demilitarized zone south of the Dardanelles over which her mechanized artillery could speed to drive away mine-sweepers. These modern artillery units are stationed just behind the zone. As soon as the right to refortify the Straits is won, or when circumstances appear to require such a step by unilateral action, the Turks plan to construct underground torpedo tubes, submarine and seaplane bases and permanent undersea mine fields as well as modern coast-defense works.

The race among the European powers for supremacy in the air has spurred the Turks to activity in developing a stronger air force. Premier Ismet Inonu declared late in June that the country's greatest danger lay in attack from the air, and he appealed to the people to subscribe a fund of about \$24,000,000, over and above the regular appropriation, to make possible an establishment of 500 planes. Despite the heavy burden of taxation in Turkey, the response to this appeal has been remarkable, and it is expected that the full sum will soon be obtained.

STABILITY IN EGYPT

The life of the present Cabinet in Egypt, headed by Premier Nessim Pasha, depends on the attitude the Nationalists take toward it. If they oppose Nessim, he must resign; if they support him, its efforts for gradual reform can continue. During June it appeared that the Nationalists were so dissatisfied with Nessim's failure to bring back the 1923 Constitution that they might go into active opposi-

tion. On June 27, however, Mustafa Nahas Pasha, the party leader, backed by the moderate element, announced in a manifesto to the country that the Wafd would support the government. The manifesto accused the British Government of interfering with Egyptian independence by blocking a return to the old Constitution. Whether the charge is true or not a scapegoat was found, and Nessim Pasha's position seems secure for the immediate future.

PALESTINE'S FINANCES

The Palestine Treasury showed a surplus of nearly \$10,000,000 for the year ended March 31, 1935, and an accumulated surplus at that time of nearly \$24,000,000. Government officials estimated that by March, 1936, the surplus would amount to \$35,000,000.

A delegation from the Palestine Manufacturing Association presented a demand to the High Commissioner on July 29 that drastic measures be taken to prevent dumping, especially by Japanese interests.

THE CHAMBERLAIN INCIDENT

If proof were needed that the Arabs are becoming frontier-conscious, it was provided by the detention of Captain Joseph Austen Chamberlain, son of Sir Austen Chamberlain, and seven companions when they inadvertently crossed the Saudi Arabian frontier near Akaba about July 20. The Transjordan Government and the High Commissioner for Palestine explained to the Saudian Government that Captain Chamberlain, who is attached to the Transjordan Frontier Force, had simply lost his way and that his transgression was unintentional. The Emir Saud, eldest son of King Ibn Saud,

who was visiting England, also interceded in behalf of Captain Chamberlain, and the party was released after a few days' captivity.

The significance of the incident can be traced to Ibn Saud's dissatisfaction with developments at Akaba, a small port at the head of the Gulf of Akaba and lying across the Sinai Peninsula from the Suez Canal. During the World War Akaba was of great importance strategically, serving as Colonel Lawrence's base in leading the desert Arabs against the Turkish left flank. The question of its permanent ownership was expressly reserved in the treaty of 1927 between Great Britain and Ibn Saud, and it remained under Transjordan control. When neighboring tribes revolted against Ibn Saud in 1932 the British occupied the port and began to fortify it. And last April the Emir Abdullah of Transjordan formally agreed that Great Britain should be responsible for its defense.

According to French reports, Akaba is being made into a powerful submarine, naval and air base. By reason of its position at the head of the Red Sea and at the junction of Saudi Arabia, Transjordan, Palestine and Egypt, it is regarded as invaluable strategically. A branch railway line from Akaba to Maan is said to be under consideration, providing direct communication with Haifa on the Mediterranean. If the Suez Canal should be blocked in time of war, the Akaba-Haifa route would provide an alternative means of communication between India and Europe.

King Ibn Saud has by no means abandoned his claim to Akaba and, according to an unconfirmed report, has appealed to the World Court on the question of its ownership.

Russo-Japanese Friction

By GROVER CLARK

SOVIET RUSSIA's sale to Manchukuo of her interests in the Chinese Eastern Railway removed some of the excuses for friction with Japan, but, as was foreseen at the time of the sale, plenty of other excuses could and would be found so long as the Japanese military remained in a position to push their ambitions in Northeastern Asia. The latest disagreements, arising out of incidents along the Manchukuo-Siberia border and in relation to Outer Mongolia, have led to an exchange of sharply worded notes between Tokyo and Moscow and to truculent statements by both Russian and Japanese high officials.

In a vigorous protest which the Soviet Ambassador at Tokyo delivered on July 1, Russia enumerated a long series of what it claimed were violations of Soviet territory by Japanese-Manchukuoan armed forces. Particular stress was put on three incidents which occurred toward the end of June in the Khabarovsk district at the junction of the Amur and Ussuri Rivers. On two occasions, the protest said, detachments of Japanese and Manchukuoan soldiers numbering around fifty passed Soviet sentries, crossed into Soviet territory and remained for some time; on another, two Manchukuoan gunboats sailed into the Soviet part of the Amur River in the face of warnings from Soviet patrol boats, and trained their guns on the Soviet ships.

The Soviet note of July 1 said that "these violations of Soviet frontiers by Japanese-Manchukuoan authorities

may bring very serious consequences in the relations between the U. S. S. R. and Japan and to the cause of peace in the Far East." The responsibility for what the local Japanese and Manchukuoan authorities did "falls on the Japanese Government," the note declared. Russia "cannot permit" such incidents to continue, and particularly cannot allow navigation of Soviet interior waters by Japanese-Manchukuoan vessels. If such navigation does not cease "in these waters and near the city of Khabarovsk the responsibility for the consequences will fall on the Japanese-Manchukuoan authorities."

Tokyo informed the newspapers that a reply would be sent to Moscow after Japan's commander-ambassador in Manchukuo had reported on the incidents. The reply, delivered on July 21, was practically as sharp as the Soviet protest. Foreign Minister Hirota denied all Moscow's charges of frontier violations, declaring that they were "either unfounded in fact or attempts to disguise the issue where the responsibility rests on the Soviet." Moscow, he said, was directing "unwarranted abuse against the Japanese authorities in Manchukuo" and seemed to be "seeking to attract wide public attention by giving sensational publicity to exaggerated misinformation." No Japanese armed units had ever crossed the frontier, the Japanese note said. It also claimed that Manchukuoan gunboats have the full right to sail the Amur, since it is a frontier stream. Manchukuo, furthermore, claims the

delta islands at the junction of the Amur and Ussuri Rivers; it has not abandoned the claim.

Japan's War Minister, on returning from an extended trip in Manchukuo, told the National Policy Council on June 28 that Japan needs "a large increase in her forces in Manchukuo to hold the Soviet in check." There are 200,000 Soviet troops along the frontier, in well-chosen and well-fortified positions, he said, with no Japanese forces able to resist. Disparities of this kind have in the past been causes of war. After this meeting with the Council, he told the newspapers that he expected little from the Foreign Minister's efforts to get Russia to demilitarize the frontier, and that if peace were to be assured, withdrawal of the Russian troops would have to be supplemented by the destruction of Soviet fortifications along the border. In later press interviews—on July 17 and 24—the War Minister insisted that the need for defense preparations against Russia necessitated increased military expenditures. The present Japanese forces in Manchukuo, he declared, were enough for dealing with bandits, but would have to be increased when Russia and Outer Mongolia were considered.

Vlas Chubar, Soviet Vice Premier, on July 7 indulged in even more warlike talk. Speaking to a huge crowd in Moscow, he specifically charged that the Japanese militarists were provoking "collision" in the Far East. The attitude of the Japanese and Manchukuoan forces is "threatening," he said, but added that "no menace will alter our policy for peace or our readiness to defend the Soviet Union with all the means at our disposal."

The Russian newspapers centred their criticism chiefly on Japanese moves in relation to Outer Mongolia,

charging that Japan was deliberately provoking incidents to give an excuse for seizing new territory, as she had done in Manchuria and North China.

The immediate occasion for these attacks was Japanese-Manchukuoan action following the arrest of a Japanese army officer and his White Russian assistant, who were engaged in surveying. The arrest occurred on June 23 while a Mongol-Manchukuoan conference at Manchuli was discussing the Khalka border clashes earlier in the year. The men were released on July 4, and on July 8 the Mongol Government sent a most conciliatory note. The Mongol claim is that the men were arrested in Manchukuoan, not Mongol, territory. Mongolia suggested the appointment of a joint Mongol-Manchukuoan commission to deal with this and other border disputes. If this commission found that the men had been arrested in Manchukuoan territory, the Mongol Government would be ready to apologize and to punish those guilty.

On the day the men were released a Japanese-Manchukuoan note in the nature of an ultimatum was presented to Mongolia. It demanded that Manchukuo be permitted to station in Outer Mongolia permanent military representatives who would have the rights of free travel and communication. This demand, the Russian newspapers charged, meant that Japan wanted to place spies throughout Mongolia in preparation for invasion. Japan contends that Mongolia cannot longer remain closed to all outside contacts except those with Soviet Russia. The demand has been rejected as "entirely unwarranted" and "intolerable."

Foreign commentators point out a significant relation between these developments in Outer Mongolia and

the recent Japanese military moves which resulted in the creation of a virtually Japanese protectorate in the Chahar and the Peiping-Tientsin area. The Japanese Army, it is suggested, seems to be removing all possible causes of trouble from the South in case Japan should get into war with Russia or drive westward from Manchukuo into Mongolia.

The Russians are watching Japan's moves in Mongolia very closely because Japanese occupation of that region would lay Siberia open to attack as far west as the Urals. No official Russian comment has been forthcoming, but any Japanese move which appeared to threaten Russian predominance in Outer Mongolia certainly would precipitate a major crisis.

JAPAN'S QUEST FOR MARKETS

The Japanese Government has decided to try retaliation as a means of breaking down the trade barriers which various countries have in recent years raised against Japanese goods. Trade with Canada has been selected as the first test case.

Japan's opening move was the issue on July 20 of an order levying a tariff surtax of 50 per cent on eleven kinds of goods imported from Canada. These include timber, wheat and wheat flour, and certain kinds of paper, chiefly newsprint. About half the imports from Canada will be affected; these totaled nearly \$17,000,000 in 1934. The Canadian Government met this move, on the same day, by applying a 33.1-3 per cent tariff surtax on all goods imported from Japan. This levy, according to Premier Bennett's statement, automatically resulted from Japan's action, since in imposing the 50 per cent surtax Japan had violated the Anglo-Japanese trade agreement of 1911, to which Canada

became a signatory in 1913. Both governments announced that the new levies would not apply to goods in transit at the time.

The dispute grew out of the Canadian law of 1932 providing for special exchange compensation and anti-dumping duties on goods from countries whose currencies have depreciated by more than 5 per cent in terms of Canadian currency. The Canadian laws also give the customs authorities the right to fix a "fair market value or fixed value" as a basis for calculating tariff charges. The Japanese declare that the Canadian tariffs as applied to Japanese goods are "exorbitantly high and discriminatory." They also maintain that the "market values" set by the Canadian customs authorities frequently are four or five times the real values. In answer to this charge of discrimination, Premier Bennett pointed out that Canada could not agree to Japan's requests for "the abolition of the anti-dumping and exchange compensation duties and fixed valuations, and for assessment of ordinary duty at the depreciated rate of exchange," because "such a course would in practice involve discrimination against other countries, including Great Britain, and place Japan in a privileged position in our markets."

Japan's trade relations with Australia present another picture, and the trade negotiations with that country have been carried on in far different spirit. Instead of filing protests and making demands, the Japanese have been working strenuously to cultivate Australian good-will, and the Australians have shown their willingness to meet these various friendly advances.

One exceedingly important reason for this is the significance of the wool trade to both Japan and Australia.

Japan's wool purchases are worth more than \$40,000,000 a year to Australia. Japan also has been buying considerable quantities of Australian wheat. She takes, in fact, about 12 per cent of Australia's total exports—as compared with less than 2 per cent taken by the United States. Australia has every incentive to encourage the development of her sales to Japan, especially the sales of the two basic raw materials, wool and wheat. It also is to Japan's advantage to buy these commodities from Australia, for she cannot get the wool as conveniently anywhere else and she can buy wheat there on as good terms as in the United States or Canada. Furthermore, Japan has been selling increasing amounts of her manufactured goods in Australia, particularly textiles and textile products. The sale of these latter alone in 1934 amounted to nearly \$13,000,000 out of the total exports to Australia of nearly \$17,000,000.

JAPAN IN CHINA

Although the Nanking Government has officially accepted all the demands relating to North China presented by the Japanese Army, Japan still is far from satisfied, according to a statement by the Military Attaché of the Japanese Embassy in China. This acceptance of the army's demands, he said, "is only a surface agreement." The local Kuomintang organizations are still working secretly against the Japanese in the North as well as around Shanghai and in other parts of China. "As long as these secret organizations exist, amicable relations between Japan and China are impossible." On July 23 the spokesman for the Japanese Embassy told the correspondent of *The New York Times* that "either Chiang must openly and

actively become friendly to Japan or be prepared to fight us." Chiang must come down from Szechuan, where he is fighting the Communists, the spokesman insisted, "and assume full responsibility for the real government," or "drastic action will result."

The Japanese have been doing more than talk. They have extended the North China demilitarized zone to include most of Chahar Province and have named a military man as "adviser" to the Chahar Government. They have announced that the secret terms of the Tangku truce gave them the right to establish civil aviation in China and also to develop radio, telegraph, railway and other means of communication. (Nanking officially and promptly denied the existence of any secret terms of this or any other purport.) Plans are being completed for a regular air service linking Peiping and Tientsin with Manchukuo by way of Jehol. An invasion of Peiping by groups of Japanese business men has begun, and the formation of a huge development corporation to operate in North China is under discussion.

FLOODS IN THE ORIENT

Nearly 50,000 square miles of China's richest farming land under water. Some 10,000,000 made homeless, with hundreds of thousands drowned or doomed to death by famine. Property damage running close to \$200,000,000. Many good-sized cities and thousands of villages completely inundated. These are some of the results of the tremendous flood which struck the Yangtse Valley during the first two weeks of July. Only slightly less damage was done by a practically simultaneous flood of the Yellow River. Japan, Formosa and Manchuria also were hit by serious floods during July.

Sniffles!



"I'm sorry, but Anne is in bed. She has the sniffles and I can't let her go to school or play with anybody until she is well again."

WISE mother. She knows that sniffles may be the forerunner of any one of several infectious diseases and she helps to protect other people's children while she protects her own.

A mild case of sniffles may seem so unimportant at first that little or no attention is paid to it, but it may be the warning symptom of a threatened attack of measles, whooping cough, scarlet fever, diphtheria or influenza. These diseases, combined, cause about one in every five deaths of children between the ages of one and nine.

The child who is "coming down" with one of these diseases is likely to spread the germs in class at school or to give them to other children at play.

An attack of measles may be a simple affair, soon over; but sometimes it causes serious complications—injured eyesight, deafness.



Whooping cough may so reduce resistance that the child is more susceptible to pneumonia or tuberculosis. Scarlet fever frequently affects the kidneys and ears. All of these diseases—including diphtheria—may affect the heart and leave it permanently weakened.

If your boy or girl seems well one day and develops a case of sniffles the next, the child should be kept at home under close observation and should not be permitted to play out-of-doors or with other children. If there is no improvement within twenty-four hours and the child is feverish, send for the doctor.

Any or all of the following booklets will be mailed free on request: "Measles," "Whooping Cough," "Scarlet Fever," "Diphtheria," "Colds, Influenza, Pneumonia." Address Booklet Department 935-K.

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A TRAVELER'S NOTEBOOK

VISITORS to the Kruger National Park in South Africa, the greatest sanctuary for wild life in the world, learn how little lions are to be feared. When lions are encountered on or near the road motorists no longer turn and speed away in terror and change their itinerary. They now drive ahead tooting their horns to insist upon getting the right-of-way. Some even stop and approach on foot near enough to get snapshots. When the weather is hot the lions are said to behave like tame cats.

Premier Mussolini's plans to build wide thoroughfares through Rome call for the destruction of the Villa della Croce, the "Street of the Cross," that figures in the novels *Ben Hur*, *Via Crucis* and *Quo Vadis*.

"Capsule" theatres have come to Vienna. Seating not more than fifty persons, these little playhouses are usually attached to coffee houses. For 2½ schillings (about 50 cents) the spectator may enjoy coffee and a full evening's stage performance.

The movement to keep England's beautiful Lake District free from buildings is constantly gaining support, and the National Trust has received numerous gifts of land along the lakes and of one island. It is hoped that the trust will eventually acquire all land lying between the water's edge and adjacent high roads and all heights above 1,500 feet.

Although Hawaii lies south of the Tropic of Capricorn the hottest day in forty years registered a temperature of only 88 degrees.

One of the world's great art galleries, the Hermitage Palace in Leningrad, is to be preserved as a museum for the Russian nation. The Soviet Government has decided that no more of the pictures hung in the Hermitage are to be sold.

A weekly air service has been opened between Tacna, Peru, and La Paz, Bolivia, enabling cruising tourists to visit the great Andean plateau as a side trip.

Curaçao is celebrating its 300th anniversary under Dutch rule. Peter Stuyvesant was Governor of Curaçao for ten years before his appointment as Director General of New Netherlands.

Lafayette's birthplace, the Château Chavagnac in the Auvergne, has been converted into an inn.

A ground rule on golf courses in Kenya

Colony in East Africa states that a player's ball which comes to rest in the footprint of a hippopotamus may be picked up and dropped without penalty.

Moscow's new subway is the only one in the world to be air-conditioned.

Holding that the long blue gown, the traditional garb of Chinese teachers and students, is impracticable, the Chinese Government has ordered it replaced by shorts and jackets.

The managers of the next Olympic Games, to be held in Berlin in the Summer of 1936, are being true to the German tradition of carefulness in matters of detail. Sixteen kinds of chewing-gum have been ordered so that the athletes from some forty countries will have no complaints on that score.

It is said that while a great many Occidentals can speak Chinese, there are only twelve who can write it.

To avoid being suspected in Vienna as a Nazi one has only to drink beer with gusto. The Nazis are boycotting beer in Austria because of the high tax.

Swans on the Thames between London and Henley belong either to the King of England or to the Vintners' or Dyers' Companies. Each year at the end of July the King's markers, wearing red coats, the Vintners' markers green and the Dyers' blue, take a census of the swans and cygnets. Those belonging to the companies are marked by nicks in the beaks of the birds. The King's swans are unmarked.

The skeleton of Pierre Cauchon, the Bishop of Beauvais who condemned Joan of Arc to be burned at the stake more than five centuries ago, was recently discovered under the stone floor of the crypt of Lisieux Cathedral.

Many historic structures in Paris will be razed in accordance with the decision to continue work on Baron Haussmann's plans to beautify the city by means of wide boulevards. His improvements were suspended on the outbreak of the Franco-Prussian War in 1870.

Canada has eased its customs regulations on tourist outfits.

When the life-size statue of the Black Prince surmounting his magnificent tomb in Canterbury cathedral was cleaned recently it was found to be overlaid with gold.



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Continued from Page VI

by the unemployed. And all of what Mr. Spivak pictures is undoubtedly true.

The main trouble with the book is one involving the truth or falsity of the pattern. Mr. Spivak's facts exist, one does not doubt. But they compose a world of their own that makes very little connection with the world of Americans that has been buying the product of General Motors, that has been thronging the beaches and the ball parks. The truth of the matter is probably this: That 90,000,000 Americans are getting the benefit of a slight upturn in the industrial field, while 40,000,000 are suffering from unemployment and the spiritually blighting effects of having to live on doles of one sort or another.

Probably the two worlds will continue to exist side by side until another depression is upon us, with taxation for relief keeping the dispossessed world relatively quiet. But to judge from Mr. Spivak's tone, the dispossessed world is about to mount the barricades and either overthrow the possessing world or else go into the slavery of fascism. Mr. Spivak may be right in the long run, but the chances are that his time factors are askew so far as the immediate future is concerned. He cannot refute George Soule's *The Coming American Revolution*, which argues that we are in a time of revolutionary tide that is a decade or more from a time of revolutionary flood.

* * *

A warning against the slavery of fascism is what underlies the satirical fantasy by Joseph O'Neill, *Land Under England* (Simon & Schuster, \$2). *Land Under England* is something on the order of H. G. Wells's *The Time Machine*. It is a story of a race of masters and a race of robots who do their bidding, but the masters, in Mr. O'Neill's case, are not the butterfly creatures of *The Time Machine*; they are "masters of will and knowledge" patterned after Goebbels and Goering. In Wells's fantasy of the future the underlings were rough navies; in O'Neill's, they are Fascist cogs who do not question their duties to the all-consuming State.

Land Under England begins as the story of a strange hobby. The Julians, who trace their descent back to Roman Britain, live near the old Roman Wall that cuts England off from Scotland. There is a Julian Senior who admires the discipline of old Rome. He is always poking about the wall, reading Latin and hoping to find a mythological passage to the world underneath the wall, where the offspring of some of the Roman Britons are supposedly still living as they lived centuries ago. When he does find the passage, he disappears. His son follows him, discovers the existence in darkness of a "totalitarian" State below Britain (symbolizing the "abyss" that awaits a

Fascist England), learns that his father has been "absorbed," and flees with horror to the upper world of light and green grass. Mr. O'Neill never unduly stresses his parallels. His book starts as an adventure in the supposedly purely fantastic and is carried out mainly on that plane; I have drawn the moral.

* * *

Another "adventure" story of the month is William Seabrook's *Asylum* (Harcourt, Brace, \$2), which is the history of seven months spent in one of the most up-to-date of our modern "mental hospitals." Although he was not a psychopathic case, Mr. Seabrook got himself committed in order to be cured of a drunkenness that he could not halt by himself. When he got himself "unpickled," he realized that he had taken to drink because he had lost confidence in himself as a writer. The discovery enabled him to "live with his limitations," and he came out of the experience in the asylum a cured man. The sidelights, which focus on many varieties of psychopathic cases, are remarkably vivid. *Asylum* is a book to be placed on the shelf next to Clifford Beers's *A Mind That Found Itself*, which tells of life in the insane hospitals of an earlier day. The two books will enable one to measure the progress that has been made in thirty-five years in our treatment of mental cases.

Canada in Print

CANADIAN books and magazines on contemporary affairs are little known outside Canada. The following list is offered as a supplement to the materials available in the press:

Canada: An American Nation (Columbia University Press, 1935), by J. W. Dafoe, is an introduction to Canada's North Americanism by the most distinguished newspaper editor in the country.

The Canadian Economy and Its Problems (Canadian Institute of International Affairs, 43 St. George Street, Toronto, 1934) is a symposium of political scientists, economists and business men which has been warmly welcomed both in Canada and abroad as an expert analysis and synthesis.

The Canadian Journal of Economics and Political Science (quarterly, University of Toronto Press) commenced publication in February with a varied offering of articles by Canadian, American and British authors. Stephen Leacock contributed "What Is Left of Adam Smith?" Each number includes a descriptive list of the publications on Canadian economics and politics of the previous quarter.

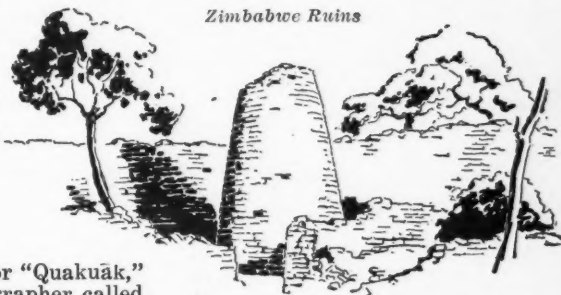
The Canadian Forum (monthly, 24 King Street W., Toronto) has been for several years a critical journal of literature and affairs which has devoted particular attention to Canadian arts and letters. Though publication has

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"The QUAKUAK"



The Bushmen lived in bush - hidden caves, their only weapon the bow and arrow. Many rude profile drawings and sculptures remain as interesting relics of their artistic expression.



Zimbabwe Ruins

The Bushmen—or "Quakuak," as an Arabic geographer called them—and the Hottentot, both fast disappearing races, are interesting subjects of study for the visitor to South Africa. There are also the mysterious Zimbabwe Ruins, a world riddle, and the scene of some of Rider Haggard's fascinating novels. Rich historical associations also abound in the beautiful cities of Capetown, Pretoria, Bloemfontein, Durban, and elsewhere in the "Sunny Sub-Continent."

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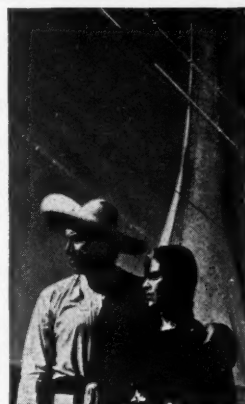
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been temporarily suspended, a file of the *Forum* is a valuable repository of material on the Dominion.

Canadian Comment (monthly, 480 University Avenue, Toronto) is an illustrated digest of world affairs with special articles on the arts and on moot questions of the day.

The C. C. F. Research Review (monthly, C. C. F. Research Bureau, Regina, Sask.) is the best known publication of the Canadian Socialists. The same bureau has recently published a description of the interlocking controls of Canadian business—*Who Owns Canada?* by W. H. McCollum.

American Expansion

MANIFEST DESTINY: A Study of Nationalist Expansionism in American History. By Albert K. Weinberg. Baltimore: The Johns Hopkins Press. 1935. \$4.50.

THIS detailed study of the ideas which justified American expansion across a continent and overseas is a contribution to the understanding of national behavior. Other scholars have worked the same field, but none with the thoroughness of the present author. His emphasis upon such philosophical conceptions as manifest destiny or the white man's burden is greater than most contemporary historians are inclined to accept, for steadily the belief grows that economic, not moral, drives shaped the expansion of the American nation.

Tariffs and the Farmer

VANISHING FARM MARKETS AND OUR WORLD TRADE. By Theodore W. Schultz. Boston: World Peace Foundation, 1935. 50 cents.

THIS brief and lucid discussion of American agriculture should help to clarify in many minds the difficulties which confront the farmer. The story itself is no longer new: Over-production, loss of foreign markets, bankruptcy; but its point has yet to be generally appreciated. For as the author shows, it is American tariff policy more than anything else which is responsible for the misery in the corn and cotton country. Until that policy changes, he maintains, nothing done for the farmer can be more than a palliative—unless the farmer is prepared for drastic readjustment both of the acres sown and the crops raised.

Soviet Foreign Policy

THE SOVIET UNION AND INTERNATIONAL LAW: A Study Based on the Legislation, Treaties and Foreign Relations of the Union of Socialist Soviet Republics. By T. A. Taracouzio. New York: The Macmillan Company, 1935. \$7.50.

THIS treatise, sponsored by the Bureau of International Research of Harvard University and Radcliffe College, is the most scholarly analysis that has been made in any language on the Soviet attempt to adapt Communist theory to meet the international conditions in which the U. S. S. R. finds itself. Although Russian policy is now well understood by a considerable number of diplomats, historians and publicists, Mr. Taracouzio's analysis of Moscow's sacrifice of Marxist theory to pragmatism in its dealings with other na-

tions makes such an understanding available to any one who may be interested. The author's knowledge of Russian has enabled him to make a thorough use of the sources in that language. Especially valuable are the Appendices, which include the Soviet Constitution, decrees and regulations governing the conduct of Soviet foreign relations and a descriptive table of treaties concluded by the Soviet Union with various foreign powers.

The Civil War Retold

ORDEAL BY FIRE. By Fletcher Pratt. New York: Harbison Smith and Robert Haas, 1935. \$3.

HERE is a new sort of history of the American Civil War. In an audacious, breathless way it strings together battles, politics and personalities, filling in the picture minutely here, using broad strokes there. One need not worry how scholarly and precise the author has been; his history is admittedly informal and for the man in the street. It has a quality and a style quite its own. It is an extremely skillful job.

Jane Addams

JANE ADDAMS OF HULL HOUSE. By Winifred E. Wise. New York: Harcourt, Brace and Company, 1935. \$2.50.

THE fame of many Americans is of the transient sort, surviving them but briefly. In the case of Jane Addams, however, it seems safe to prophesy that time will deal gently with her noble shade and that the year 1960 will duly witness her election to the American Hall of Fame. Miss Wise's unpretentious biography gives a well-proportioned picture of the great social worker.

Crisis at the Marne

THE CAMPAIGN OF THE MARNE, 1914. By Sewell Tyng. New York: Longmans Green & Co., 1935. \$3.75.

IN this complete account of military operations during the first six weeks of the World War Mr. Tyng has written not a popular work but one that will none the less be of interest to many persons. His conclusion is that Joffre, not Gallieni, is entitled to the credit for the victory.

Lord Carson

CARSON THE STATESMAN. By Ian Colvin. New York: The Macmillan Company, 1935. \$3.

WHEN the World War broke out in August, 1914, Great Britain was relieved of a mighty ticklish domestic situation. Northern Ireland had stoutly refused to accept Irish Home Rule, which would have placed Protestant Ulster under the thumb of Dublin, and was preparing to resist the measure with all the means at its command. The resistance, moreover, was headed by the indomitable Sir Edward Carson; it was he who stormed in the House of Commons against the "injustice" Prime Minister Asquith was cooking up with the aid of John Redmond, Irish Nationalist leader; it was he who helped to raise and equip

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Continued from Page XIV

an army of 100,000 determined Ulsterites under the very noses of the British authorities. What would have happened had not the Continental disturbances forced a truce at home can only be surmised. In any event there would have been fireworks.

Mr. Colvin's book covers the career of Lord Carson during this exciting period. Since it is Part II of an extended biography (Part I was *Carson the Advocate*, by Edward Marjoribanks), it begins abruptly and ends more or less in mid-air. But from its pages may be had a readable and authoritative account of the early stages of the movement which eventually split Ireland into separate political divisions, and a satisfying portrait of the man who for so many years identified himself with that cause.

Democracy and Its Alternatives

BOLSHEVISM, FASCISM AND THE LIBERAL-DEMOCRATIC STATE. By Maurice Parmelee. New York: John Wiley & Sons, 1934. \$3.

NOW that the weaknesses of capitalism have been pretty thoroughly explored no one will be greatly shocked by Mr. Parmelee's insistence upon the superiority of genuine socialization, or by his ample description of the partially developed communism of Russia. In time, he believes, the Russians will eliminate the objectionable features of their present system and achieve genuine communism. He sees little hope for planning in Germany, Italy and the United States, asserting that "planning is wholly inconsistent with and impossible under capitalism." After making due allowance for Mr. Parmelee's approach, his studies of Russia, Germany and Italy are more than usually informing.

Cuba, 1492-1934

THE PAGEANT OF CUBA. By Hudson Strode. New York: Harrison Smith and Robert Haas, 1934. \$3.

MR. STRODE'S aptly entitled history is the best suited of recent books on Cuba to the requirements of the average reader. It covers the whole of Cuban history in colorful, informal narrative that is free from the special emphasis that appears in *The Crime of Cuba*, by Carleton Beals, and *The United States and Cuba*, by ex-Ambassador Harry F. Guggenheim. Though it is obvious that Mr. Strode has been influenced by the caustic Beals, he has written with more objectivity. His foreword contains a brilliant four-page essay of the virtues and vices of the Cuban character.

Other Recent Books

COMMUNISM IN THE UNITED STATES. By Earl Browder. New York: International Publishers, 1935. \$3.

Mr. Browder, as general secretary of the Communist Party, U. S. A., is better qualified than any one else to explain just what are the aims and methods of his party in this country. Those critics who insist on calling Franklin D. Roosevelt a "Red," and the New Deal "Radi-

cal" would do well to read Mr. Browder's violent attack on both.

WAR CLOUDS IN THE SKIES OF THE FAR EAST. By Tom Ireland. New York: G. P. Putnam's Sons, 1935. \$2.75.

This book brings together a mass of information of the political and economic rivalries which are stirring up trouble in Eastern Asia. The facts and interpretation set forth by Mr. Ireland are of the greatest value for a full understanding of contemporary moves in the Far East.

THE FOREIGN POLICY OF THE POWERS: France, Germany, Great Britain, Italy, Japan, Soviet Russia, the United States. By Jules Cambon, Richard von Kuehlmann, Sir Austen Chamberlain, Dino Grandi, Viscount Ishii, Karl Radek, John W. Davis. Published for the Council on Foreign Relations. New York: Harper & Brothers, 1935. \$1.50.

A series of articles on the permanent foreign policies of the great powers by representative spokesmen. The articles appeared originally in *Foreign Affairs*.

BRAZIL: A Study of Economic Types. By J. F. Normano. Chapel Hill, N. C.: The University of North Carolina Press, 1935. \$3.

Brazil, with an area greater than that of the Continental United States and a population well in excess of 40,000,000, has potentialities that have been little appreciated in this country. This book, by a recognized expert, is the first adequate study of Brazil's resources and economic development to appear in English.

PSYCHOLOGICAL RACKETEERS. By Dorothy Hazeltine Yates. Boston: Bruce Humphries, Inc., 1935. \$2.

This book by Dr. Yates is a long overdue exposure of the pseudo-experts who have bilked innumerable gullible persons by setting themselves up as teachers of "Applied Psychology," "Character Analysis," "Personal Magnetism," "Subconscious Power," and so forth.

ANTHROPOLOGY IN ACTION. By G. Gordon Brown and A. McD. Bruce Hutt. New York: The Oxford University Press, 1935. \$2.75.

The description of an interesting experiment in which the authors applied the science of anthropology in dealing with the administrative problems of a Tanganyika tribe. As colonial administrators the British are making an increasing use of experts in anthropology, and with excellent results.

FOUR PATTERNS OF REVOLUTION. Communist U. S. S. R., Fascist Italy, Nazi Germany, New Deal America. By Dr. Ethan Colton. New York: Association Press, 1935. \$2.50.

Studies of the operation, achievements and aims of the present governments in Russia, Italy, Germany and the United States based on first-hand observation as well as research.

THE LITERARY EDUCATION OF FRANKLIN DELANO ROOSEVELT. By Cyril Clemens, with a Foreword by Silas Bent. Webster Groves, Missouri: The International Mark Twain Society, 1935. \$1.

A discussion of the literary influences that have played upon President Roosevelt, in which the author discloses the fact that the term "New Deal" was coined by Mark Twain in *A Connecticut Yankee*.

CANADA AND THE AMERICAN REVOLUTION. *The Disruption of the First British Empire.* By George M. Wrong. New York: The Macmillan Company, 1935. \$5.

An able historian tells the story of the revolution from the Canadian point of view.



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In a letter to his favored nephew, Colonel John Augustine Washington, dated 29 October 1799, George Washington said:

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Why not set up a distillery at Mount Vernon and thus make use of the grain produced on the land?

So it was that guests and travelers who chanced that way enjoyed the hospitality of a Rye soon famed for its smoothness and flavor.

And so it was that the surplus of this Rye found its way into neighboring states and even to England, where, to this day, it remains one of the few American whiskeys enjoying favor there. You will look far to find a whiskey of more distinguished lineage than Mount Vernon, and equally far to find one of comparable mellow delight.

Mount Vernon

Straight Rye Whiskey - Bottled in Bond

Under U. S. Government supervision

A Good Guide



to Good Whiskey

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